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LEGISLATIVE HISTORY

Public Law 335--79th Congress

Chapter 114--2d Session

H. R. 5671

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SECOI URGENT DEFICIENCY APPROPRIATION BILL FOR 1946

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

SEVENTY-NINTH CONGRESS

SECOND SESSION

ON THE

SECOND URGENT DEFICIENCY APPROPRIATION BILL FOR 1946

Printed for the use of the Committee on Appropriations

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[1] Vacancy.

SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1946

HEARINGS CONDUCTED BY THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, IN CHARGE OF DEFICIENCY APPROPRIATIONS, MESSRS. CLARENCE CANNON (CHAIRMAN), LOUIS LUDLOW, EMMET O'NEAL, LOUIS C. RABAUT, JED JOHNSON, JOHN TABER, RICHARD B. WIGGLESWORTH, EVERETT M. DIRKSEN; ON THE DAYS FOLLOWING, NAMELY:

VETERANS' ADMINISTRATION

WEDNESDAY, FEBRUARY 27, 1946.

STATEMENTS OF GEN. O. N. BRADLEY, ADMINISTRATOR OF VETERANS' AFFAIRS; ACCOMPANIED BY F. W. KELSEY, ASSISTANT ADMINISTRATOR FOR FINANCE; S. M. MOORE, JR., DIRECTOR OF BUDGET AND PLANNING SERVICE; AND E. R. OVERTON, ASSISTANT DIRECTOR OF BUDGET AND PLANNING SERVICE

VOCATIONAL REHABILITATION REVOLVING FUND

Mr. LUDLOW. General Bradley, we have before us a proposition in House Document 464 to increase the capital of the vocational rehabilitation revolving fund, which is now a half million dollars, to a million and a half dollars. We will be pleased if you will give us a statement informing us as to why it is considered necessary to increase the revolving fund.

GENERAL STATEMENT

Mr. BRADLEY. It is because of the great increase in the number of people taking vocational training under Public Law 16. We have almost used up the sum originally set up of $500,000.

Mr. LUDLOW. There is an authorization for $500,000, and I understand you are seeking legislation authorizaing an increase to a million and a half.

General BRADLEY. That is right.

Mr. LUDLOW. What is the status of that legislation?

General BRADLEY. I am supposed to testify before the World War Veterans' Committee tomorrow on that bill.

Mr. LUDLOW. This is a reimbursement proposition?

General BRADLEY. Yes.

Mr. LUDLOW. Losses have only occurred through the failure of the borrower to pay for one cause or another.

General BRADLEY. Yes. In the $500,000 used for the First World War, it has all been paid back except $1,700, and some of that may be paid back yet.

Mr. LUDLOW. Do you have a general statement, General?

General BRADLEY. Yes, sir; we have a complete statement here.

Mr. LUDLOW. I think it might be well for you to give that to us now.

General BRADLEY. An appropriation of $500,000 was included in Public Law 132, Seventy-eighth Congress (July 12, 1943), under this title, for making advances or loans to veterans pursuing courses of training under Public Law 16, Seventy-eighth Congress. On the basis of current experience this fund will shortly be inoperative due to present loan demands and it is estimated that an additional $1,000,000 should be made available to meet increased requirements. The following represents the fund's actual position and estimated requirement:

	Actual, November 30, 1945	Actual, December 31, 1945	Estimated fund requirements
Number of loans outstanding	[1] 4,800	[1] 6,000	20,000
Average loan outstanding [1]	$50	$50	$50
Loans receivable	240,022	300,875	1,000,000
Treasury cash	136,459	67,866	200,000
Disbursing-officer cash (central office)	14,077	31,692	100,000
Disbursing-officer cash (54 regional offices)	109,442	99,567	200,000
Total	500,000	500,000	1,500,000

[1] Approximate figures.

Several factors contribute to the above-requested revision, among which are: Potential number of trainees inducted into training; potential number of trainees terminating training; types of training followed; and reason for terminating training. Relation of any of these factors to peak loan demands are highly conjectural at this time due to the expected increase of about 15,000 in training June 1945 to 82,500 June 30, 1947. The number remaining in training under Public Law 16 on December 31, 1945, was 40,222.

Inductions into training and loans made, during December 1945, totaled about 16,000 and 1,200, respectively, a relation of 7.5 percent. Since this relation has progressively increased during the past 5 months and as the making of loans is not restricted to the number of inductees during any 1 month, it is estimated that there may be as many as 20,000 loans outstanding at some future period. In addition, our working fund must be sufficient to provide an adequate balance at each of the regional offices and centers, in order that there may be no delay in the approval of loans, and also to offset any delays in the repayment of any appreciable number of loans that may occur.

It will be noted from the above table that $1,000,000 will be required for an estimated 20,000 loans, with an average value per loan outstanding of approximately $50. However, some additional reserve must be available to offset any unusual peak demands for loans which might occur during a short period of time which would increase the average of loans outstanding. The average of $50 per loan outstanding is based on our present experience that funds received as re-

payment of loans is approximately one-third of the cost of loans granted. The average loan made now approximates $80.

It may be pointed out that the actual loss to the Government under this appropriation will be small. The revolving fund of $500,000, which was available for similar purposes after World War I, has all been repaid with the exception of slightly under $1,700, and no doubt some additional collections will be made, further reducing that amount.

TERMS OF LOANS

Mr. LUDLOW. General Bradley, you might give us in brief the law as respects eligibility for obtaining such loans.

General BRADLEY. Any disabled veteran undergoing training under Public Law 16, who is in urgent need of funds is eligible for a loan.

Mr. LUDLOW. Will you give us the average of loans, and what will be the range, up and down?

General BRADLEY. There is a maximum of $100. That is the maximum amount under the law.

Mr. LUDLOW. What is the minimum?

Mr. KELSEY. I would say it is probably $10, because the minimum deduction is $10—due to the paper work involved.

Usually a man who needs money would need at least $10 or more. The average is $80.

I would like to make one statement as to the $500,000 for World War I. That was turned over more than three times.

There was $1,677,000 loaned, and all but $1,700 had been repaid, so it was not $1,700 against $500,000 but against three times the original amount, which shows how well they have been repaid.

FUTURE INCREASED LOAD OF LOANS

Mr. LUDLOW. What is the prospect for the future? Would there be an increasing load of loans?

General BRADLEY. Yes, naturally; because we think that with the rapid rate of demobilization we will have more men in training than originally, and naturally there will be more asking for loans. I would say that the load will be greater.

Mr. LUDLOW. You would not have any way to gage it?

General BRADLEY. It is based on past experience. We think, based on previous experience, that there will be 20,000 loans.

Mr. LUDLOW. Then the revolving fund of a million and a half would take care of how many?

General BRADLEY. It would take care of a total of 20,000 loans.

Mr. LUDLOW. You built up your estimates on the basis of what you estimate to be your potential load?

General BRADLEY. Yes.

Mr. LUDLOW. What do you do in case of default?

General BRADLEY. This is deducted from the pension. That is the only way we would be able to get it back.

Mr. MOORE. The chance of loss is very remote, and the amount very small.

Mr. LUDLOW. You have a marvelous record of payment as far as the World War is concerned, and you have this additional provision for protection, so there is hardly any possibility of loss.

General BRADLEY. That is right.

Mr. WIGGLESWORTH. How much money did you have this year?

General BRADLEY. We had $500,000 originally, and as of December 31, 1945, we had approximately 6,000 loans already out.

Mr. WIGGLESWORTH. What is the condition of that $500,000 as of now?

General BRADLEY. It is just about all out on loans.

Mr. WIGGLESWORTH. Did we not give you something for 1947 for this purpose?

General BRADLEY. No; this is all we think we will need at this time.

Mr. WIGGLESWORTH. There is nothing in the 1947 bill now pending?

General BRADLEY. No, sir. We hope to cover this by permanent legislation. That bill is now before the House Committee on World War Veterans, and we are scheduled to appear before the House Veterans Committee tomorrow morning on the authorization bill providing for permanent legislation for this purpose.

AVAILABILITY OF ARMY AND NAVY PENSIONS FOR PAYMENT OF SUBSISTENCE ALLOWANCES

Mr. LUDLOW. Now we will take up your language submitted in House Document 464 and included on page 12 of the committee print. That language reads as follows:

> Effective as of January 1, 1946, and until June 30, 1947, the appropriation "Army and Navy pensions" is hereby made available for the payment of the subsistence allowances authorized by part VII of Veterans' Regulations 1 (a), as amended.

Why is that language advocated?

General BRADLEY. The provision pertaining to this appropriation is requested for the purpose of clarifying the appropriation properly chargeable with the cost of subsistence allowance payable to vocational rehabilitation trainees as authorized by Public Law 268, Seventy-ninth Congress, approved December 28, 1945. This provision will permit the Veterans' Administration to continue payment for subsistence allowance to trainees under Public Law 16 from the appropriation "Army and Navy pensions." The need for this request is outlined below.

Public Law 16, Seventy-eighth Congress, approved March 24, 1943, amended Veterans' Regulation No. 1 (a) as amended, by adding at the end thereof a new part known as part VII. This part provided that while pursuing training under Public Law 16 and for 2 months after his or her employability is determined, each veteran, if entitled to pension in an amount less than the amount payable in accordance with the compensation rates for total and temporary disability, including additional amounts for wife, husband, child, or children and dependent parents, provided for in section 202, World War Veterans' Act, 1924, as amended, shall be paid increased pension which when added to the amount of pension to which he is otherwise entitled will aggregate an amount equal to such rates. Public Law 16 also provided that Veterans' Administration appropriations "Salaries and expenses" and "Army and Navy pensions" shall be available for expenditures under this act. Therefore, the amount of increased

pensions to trainees has been paid from our "Pensions" appropriation, and the estimated cost for the fiscal year 1947 is included under "Pensions" in our 1947 Budget estimates.

Section 7 of Public Law 268, Seventy-ninth Congress (December 28, 1945) amended paragraph 3 of part VII of Veterans Regulation No. 1 (a), as amended, to read as follows:

> 3. While pursuing training prescribed herein, and for two months after his employability is determined, each veteran shall be paid the amount of subsistence allowance specified in paragraph 6 of part VIII of Veterans' Regulation Numbered 1 (a), as amended: *Provided*, That the minimum payment of such allowance, plus any pension or other benefit, shall be * * *.

A decision was requested from the Comptroller General as to which appropriation should be utilized for the payment of subsistence allowance as authorized by part VII of Veterans Regulation 1 (a) as as amended. His decision of January 24, 1946 (B–55204) was that payment of such expense is chargeable to the appropriation "Readjustment benefits."

From the standpoint of operation it would be highly advantageous to continue to pay subsistence allowance to trainees under Public Law 16, from the appropriation "Army and Navy pensions." The following outlines the advantages of such procedure:

1. It permits the authorization of one check to the veteran to cover both the pension and subsistence allowance.
2. It permits the preparation of one check copy and one voucher for certification to cover both benefits.
3. It permits the use of one award account card to record payment data pertaining to both benefits.
4. It permits the maintenance of one award account card and removes the necessity of a cross reference of the two accounts;
5. It reduces time, labor, and material, in the preparation of a change of address, recording a change of address on the account card, and eliminates the hazard of changing the address on one card and not on the other where two account cards are maintained.
6. It reduces inaccuracy and confusion in reporting expenditures under part VII, Public Law 16, Seventy-eighth Congress, as amended, as required under Administrator's office service letter of July 19, 1943 and if the subsistence allowance was not recorded on the same card with the disability pension it would be necessary to maintain two subsistence allowance files, one set for payments made under part VII and the other for part VIII, which action would entail further identifying evidence to insure proper filing, etc.
7. Any accounting action would be simplified by the maintenance of one account card for the two benefits; such as overpayments, change in pension award, change in subsistence-allowance award due to change in marital status, etc.
8. Simplifies payment of insurance premiums and deductions for credit to the revolving fund.

In other words, if we have to pay this amount out of two appropriations it causes general confusion. The cost would be the same, and we think it would be much better if we were authorized to pay it out of one appropriation.

AMOUNT OF SUBSISTENCE ALLOWANCE

Mr. LUDLOW. What is the amount of the subsistence allowance, and if there is a range, what is the range?

General BRADLEY. The subsistence allowance is based on $65 for a man without dependents, and $90 for a man with dependents.

While pursuing rehabilitation the veteran is entitled to the subsistence allowance aforementioned. However, if his pension plus subsistence allowance is less than $105 per month in the case of a veteran without a dependent, $115 for a veteran with a dependent, plus $10 for one child and $7 additional for each additional child and $15 for a dependent parent, the veteran receives the applicable minimum rate.

NEED FOR PAYMENTS FROM SINGLE APPROPRIATION

Mr. KELSEY. Public Law 268 of the Seventy-ninth Congress, which was approved December 28, 1945, requires that subsistence allowances payable to vocational rehabilitation trainees be charged to a different appropriation than that chargeable with the pension payments to those trainees for their service-connected disabilities.

General BRADLEY. Part of that is for subsistence, and the rest is made up from his pension.

Mr. LUDLOW. I understand from your statement that the Comptroller General is of the opinion that under the present law the chargeable appropriation is for readjustment benefits, and if you render service, that is a part of the current appropriation for readjustment benefits.

General BRADLEY. Yes, that is correct. Under the proposed change we would still pay this veteran the same amount out of one appropriation instead of two, and we would save on overhead and administrative costs.

Mr. LUDLOW. What about the ensuing fiscal year; out of what appropriation is it proposed to carry on these projects?

Mr. OVERTON. The 1947 appropriation act includes this under "Pensions."

Mr. LUDLOW. There would not be any surplus in the 1947 bill with which you could take care of these allowances in the next year?

Mr. MOORE. Under the readjustment benefits, if this continues, we will probably have to come back and ask for a deficiency. But it is estimated that this will not be necessary if paid from the "Pensions" appropriation.

Mr. TABER. How many dollars are involved in this subsistence proposition?

Mr. MOORE. Approximately $55,000,000 is contained in the 1947 estimate for this purpose.

NUMBER ENTITLED TO SUBSISTENCE ALLOWANCE

Mr. TABER. About how many people are involved?

General BRADLEY. I think we can get you the approximate figures on that. Do you mean for all students in training?

Mr. TABER. Yes; I mean for those entitled to the subsistence allowance, and all of them are, as I understand it.

Mr. OVERTON. We estimate it will be about 80,000 by the end of 1947.

Mr. TABER. That is what you anticipate by the end of 1947. But you are not getting them yet, and you probably would not get more than half of them by the 1st of July.

General BRADLEY. I have a break-down of that, those in a training status at the end of January were 136,383 under Public, 346, but that was before the next semester started. Under the latest figures I have now, under Public Law 16, there were 45,576.

Mr. TABER. I understand you are asking for this legislative authority.

General BRADLEY. Yes.

TRAVEL EXPENSES

Mr. LUDLOW. We will turn now to the item for travel expenses contained in House Document 464, and that is set forth on page 12 of the committee print of the bill.

This is a proposition to increase the limitation on travel expenses from $3,940,500 to $6,500,000, or an increase of $2,559,500. What is the explanation for that?

General BRADLEY. The travel limitation contained in the 1946 "Salaries and expenses" appropriation is $3,940,500, which was the estimated cost for the current year based on the assumption that the war would continue throughout 1946. Obligations for travel as of December 31, 1945 are in excess of $2,000,000 and, based on allotments of $1,935,500 to date for the third quarter, together with an estimated $2,600,000 requirement for the last quarter of the current year, it is requested that the travel limitations be increased to $6,500,000 for fiscal year 1946.

This request is due to the rapid rate of decentralization and accelerating expansion of activities of the Veterans' Administration. While the amount estimated for beneficiaries' travel appears adequate when reviewed against current obligation trends; the employees' travel estimate, due to the following reasons, resulting from a major reorganization along with postwar expansion of programs, is not sufficient. Contributing factors to the estimated increase in obligations for employees' travel are:

Travel of vocational rehabilitation personnel in supervising training activities of veterans under Public, 16;

Travel necessary in administering the provisions of Public Law 346, that is, loans, education and training and readjustment allowance;

Travel required to survey and coordinate medical activities in connection with establishing a Department of Medicine and Surgery, Public Law 293;

Travel to effectuate the contact service program, involving widespread itinerant service;

Travel of new employees to central office and other points for orientation and job training necessary to staffing branch offices;

Travel in connection with preliminary supervision of activation of branch offices;

Travel of employees to central office to reduce accumulations of mail and records, which have become too great;

Transfer of employees required to staff branch offices, subregional offices, new hospitals and existing field stations;

Travel in connection with separation of regional offices and establishment of subregional offices;

Travel of employees, including physicians, dentists, and nurses, for postgraduate courses and training; and

Other personnel travel necessary to carry out the fast expanding programs of this administration.

Substantial acceleration of these activities will occur in the last 6 months of fiscal year 1946. In the immediate future, transfer of insurance activities from the New York branch of central office to branch offices will begin, and operation involving a large amount of travel to insure proper coordination and timing of a major continuing activity which cannot be interrupted for more than a very short period.

Additional funds for travel purposes are not requested at this time; they will be included in a subsequent supplemental estimate covering the altered requirements of this appropriation.

Mr. LUDLOW. General Bradley, how many of the people in the Veterans' Administration were in a travel status as of July 1 last?

Mr. MOORE. We have not that figure.

Mr. LUDLOW. How many do you have in a travel status, and how many do you expect to have in travel status on July 1 next?

Mr. MOORE. This information is not available as it involves not only employees' travel but also travel of Veterans' Administration beneficiaries.

BASIS FOR ESTIMATE

Mr. LUDLOW. Did you predicate your estimate here on any detailed break-down of travel by activities, that is, the number of persons to be in travel status by activities?

Mr. MOORE. No, sir.

Mr. LUDLOW. What were the factors on which you based the estimate; how did you arrive at it?

Mr. MOORE. It is based on the decentralization of the 13 branch offices which affects the functions of the Department, and it was also on the basis of the separation of the regional offices.

Mr. LUDLOW. I think it is easily conceivable that you would have a great expansion of your travel, but I wondered if you had any definite basis for that, or whether it was just an estimate.

General BRADLEY. We do not have a break-down of that here, but the factors involved are listed in my statement above.

We are trying to spread that work in New York to 17 offices. We have been bringing in employees that we recruited in Boston. We are bringing them to New York to train them for a short period of time and then move them to such places as they are willing to transfer to, and we can keep that running without ony great interruption. That plan would be followed for all of the other offices in turn.

Mr. LUDLOW. This is such a large increase that I was wondering whether you might not have overshot the mark.

Mr. MOORE. I think we have rather undershot it than overshot it.

OBLIGATIONS FOR TRAVEL DURING CURRENT FISCAL YEAR

Mr. TABER. How much did you spend in the first quarter of the fiscal year on travel?

Mr. OVERTON. We have that for the first 7 months.

Mr. TABER. What was it?
Mr. OVERTON. That was $2,800,000.
Mr. TABER. You do not know how that was broken down?
Mr. OVERTON. Yes, we have it but not here.
Mr. TABER. You do not have it here by months?
Mr. MOORE. No, sir; but we can break it down by months.
Mr. TABER. Has it been increasing pretty fast?
Mr. OVERTON. Yes.
Mr. TABER. Will you put that in the record by months?
Mr. MOORE. Yes; we will be glad to do that.
(The statement referred to is as follows:)

Obligations for travel, by months [1]

July 1945	$404, 175. 59	December	$276, 348. 76
August	294, 116. 52	January 1946	753, 006. 34
September	307, 605. 25		
October	429, 010. 63	Total	2, 829, 349. 62
November	365, 086. 53		

[1] Includes travel of beneficiaries and employees.

Mr. WIGGLESWORTH. Is this increase of a temporary character, or is it an increase in establishing the new level that you expect you will have to make?

General BRADLEY. Part of it will be of a temporary nature, like the transferring of these central office activities to the field. That will be of a temporary nature because of the increased number of veterans who will be in training either in educational institutions or in some particular type of training, but that training will have to be checked by the training officers all the time, because we are concerned that unless we check those on the job training projects frequently a veteran is liable to use up all of his eligible time.

We think we will have to check those very closely.

Mr. WIGGLESWORTH. How much was allowed in the 1947 bill for travel?

Mr. MOORE. The amount in the 1947 bill is $7,043,632.

SALARIES AND EXPENSES, VETERANS' ADMINISTRATION

Mr. LUDLOW. Then you are requesting a supplemental estimate of $114,850,000, the details of which we know nothing at this time. But since you are here we thought that perhaps you might like to testify on that.

General BRADLEY. I will insert a complete statement on that at this point.

(The statement is as follows:)

VETERANS' ADMINISTRATION, "SALARIES AND EXPENSES"

A total of $114,850,000 is requested as a deficiency appropriation to cover all expenses of administration including salaries and operating expenses of the central office in Washington, the field offices, hospitals, homes, and supply depots; the cost of travel and examination of beneficiaries; payment of burial expenses and reimbursements for such expenses; repairs and alterations to hospitals, homes, and property in which Veterans' Administration facilities are housed and to the equipment utilized; payments to contract facilities wherein Veterans' Administration patients are hospitalized; reimbursements to States at the statutory rate for those veterans cared for in State soldiers' homes who are eligible for admission

to Veterans' Administration hospitals or homes; the cost of administration in connection with vocational rehabilitation, education and training, readjustment allowances and loans; in general, all items of expense which are not direct monetary benefits to the veterans.

The $114,850,000 additional requirement submitted for your consideration at this time represents the minimum needs of the Veterans' Administration to meet the greatly altered administrative and operating conditions which now exist as a result of the war's end early in the present year and the accompanying demobilization. This amount, tabulated by symbols on the accompanying table No. 1, is related to the amount appropriated for the fiscal year 1946, $227,675,000, a deficiency of $54,168,752 now pending for Public Law 106, and a revised estimate of requirements for the current year, $396,693,752. In view of the size of this summary, it may or may not be inserted in the record, depending upon the desires of the committee.

The necessity of the supplemental estimate now being presented was emphasized on page 909 of the House of Representatives hearings on the independent offices appropriation bill for 1947, where it was stated that the original 1946 estimate was made on the basis that the war would continue through the present fiscal year. During the present fiscal year, the 2,100,000 veterans of World War II, June 30, 1945, will increase to between 12,500,000 and 13,000,000 by the end of June 1946, if present Army and Navy schedules are attained.

These 10,500,000 separations from the armed forces during the present fiscal year, with about 5,000,000 occurring in the second quarter, result in many involved administrative and operating problems which are difficult to compute into costs. To meet the requirements of this great new group of veterans, a major reorganization of the agency is being carried out concurrently with meeting day-to-day demands. Since the reorganization must proceed on a basis of "full speed ahead," scheduling and measurement of expenditures becomes dependent on immediate availability of space, personnel, materials, and effectiveness of procedures and methods; all such factors can be approximated only within reasonable limits when reviewed against the scale on which operations are based, against gradually easing scarcities, and the short period under consideration. Also, the load patterns, when related to the World War II group, are largely conjectural, having very little experience as a foundation and subject to changing legislation, policy, and economic conditions. For these reasons, the amount requested may be too conservative and additional funds may be required to more quickly effectuate reorganization or to satisfy unanticipated load demands.

I will now proceed to take up the explanation of the supplemental estimate by objects of expenditure.

PERSONAL SERVICES

An additional $60,340,958, it is estimated, will be required for personal services for the present fiscal year, or the difference between the amount contained in the original estimate, $130,130,651, plus a $54,168,752 deficiency now pending for Public Law 106 and $244,640,361, the revised estimate.

This additional requirement is based on evaluation of program needs in relation to work loads and other data, along with ability to recruit personnel and ability to gear this new personnel into the organization. Further, the effect of Public Law 293, Seventy-ninth Congress, creating a Department of Medicine and Surgery, cannot be fully determined at this time, but it will definitely contribute to accelerated recruitment during the last 6 months of the current year.

Estimated permanent filled position requirements for fiscal year 1947 are about 143,350 man-years, while on-duty personnel June 30, 1945, was 59,442 filled permanent positions; to bridge this gap places a heavy recruitment burden on the present fiscal year. Actual and estimated net permanent position accession may be summarized:

ACTUAL		ESTIMATED	
1945:		1946:	
July	2,631	January	8,000
August	3,320	February	8,750
September	3,240	March	9,000
October	4,917	April	9,000
November	5,604	May	8,550
December	5,328	June	8,550

These monthly net permanent position acquisitions, when accumulated, will total approximately 136,342 permanent employees on duty June 30, 1946, and will average 90,771 man-years for permanent positions, excluding military personnel.

Permanent, part-time, and temporary employees, offset by an adjustment of 3,628 man-years for positions filled by military and naval personnel, result in an estimated 92,793 man-year total requirement for fiscal year 1946.

Overtime pay was based on 16 percent of net salaries for permanent positions, while a $1,000,000 provision, based on obligations of $443,886 for the first 6 months of fiscal year 1946, has been included for night-pay differential.

TRAVEL EXPENSES

Pending is a deficiency request to increase the travel limitation of $3,940,500 for the fiscal year 1946 to $6,500,000. Additional funds of $2,559,500 will be necessary to cover this increase in requirements.

The original limitation of $3,940,500 represents estimated obligations in our present appropriation act and was based on the assumption that the war would continue throughout 1946. With the rapid rate of decentralization and accelerating expansion of the activities of the Veterans' Administration to meet greatly increased requirements of World War II veterans, this amount will be insufficient, as is indicated in the present trend of expenditures. Obligations for travel as of December 31, 1945, are $2,076,343, and, based on allotments of $1,935,500 to date for the third quarter, together with an estimated $2,600,000 required for the last quarter, it is estimated that $6,500,000 will be necessary for fiscal year1946.

While the amount estimated for beneficiaries' travel, $2,704,500, appears adequate when reviewed against current obligation trends, the employees' travel estimate, due to the following reasons, resulting from a major reorganization along with postwar expansion of programs, is not sufficient. Contributing factors to the estimated increase in obligations for employees' travel are: Travel of vocational rehabilitation personnel in supervising training activities of veterans under Public Law 16; travel necessary in administering the provisions of Public Law 346—i. e., loans, education and training, and readjustment allowance; travel required to survey and coordinate medical activities in connection with establishing a Department of Medicine and Surgery, Public Law 293; travel to effectuate the contact service program involving widespread itinerant service; travel of new employees to central office and other points for orientation and job training necessary to staffing branch offices; travel in connection with preliminary supervision of activation of branch offices; transfer of employees to central office to reduce accumulations of mail and records, which have become too great; transfer of employees required to staff branch offices, subregional offices, new hospitals, and existing field stations; travel in connection with separation of regional offices and establishment of subregional offices; travel of employees, including physicians, dentists, and nurses, for postgraduate courses and training; and other personnel travel necessary to carry out the fast-expanding programs of this Administration.

Substantial acceleration of these activities will occur in the last 6 months of fiscal year 1946. In the immediate future, transfer of insurance activities from the New York branch of central office to branch offices will begin, an operation involving a large amount of travel to insure proper coordination and timing of a major continuing activity which cannot be interrupted for more than a very short period.

TRANSPORTATION OF THINGS

Requirements for transportation of things are increased $1,125,350 over original estimates to provide largely for expenses necessary in connection with decentralization of files, records, equipment, etc., to branch offices, regional offices, and subregional offices and for the shipment of household effects of employees transferred to staff those offices; for expenses in the departmental service to cover parcel-post shipments of blank forms, together with other freight, express, and drayage costs resulting from expansion into several locations; and for increased activity in the field service.

The above additional requirement is based on current obligations of $1,438,705 for the first 6 months and anticipated obligations of the same amount plus 10 percent, or $1,726,446, for the remainder of the present fiscal year, a total of $3,165,152, distributed: For decentralization purposes, $819,350; for departmental service, $400,000, of which $185,000 will be necessary for the cost of penalty mail in excess of 4 pounds mailed at regular parcel-post rates as required by Public Law 364, Seventy-eighth Congress, and $1,945,802, based on average cost of $19.01 per available bed for fiscal year 1945, to cover field requirements.

The amount estimated necessary for decentralization purposes is conjectural and is dependent on schedules for transfer of large activities, such as insurance from the New York branch of central office to branch offices. A transfer of this

type involves moving large quantities of records and household effects of employees, a costly operation. Since scheduling is contingent on availability of space, availability of organization, and similar factors which may be speeded more than anticipated, the amount estimated for this purpose, due to conservative measurements, may be inadequate.

COMMUNICATIONS

The additional amount required for communication service, $362,736, represents the difference between $597,000, originally appropriated for the current year, and the following revised estimate of $959,736 for the same period.

During the fiscal year 1945, obligations of about $158,344 were required for communications service in hospitals and homes, not combined with regional offices, and in the same period these hospitals and homes averaged, after adjustment for 6,087 average emergency beds, 52,681 beds, or $3.01 per average bed, based on the above standard capacity. The $3.01 per average standard bed, extended by 93,354 average standard beds, estimated for the current year, or $280,000, represents the approximate hospital and domiciliary communication service requirement for this year. Communication costs during fiscal year 1946 for the other field activities, consisting of an estimated average of 1,116 subregional contact, and guidance center offices, 54 regional offices, and 13 branch offices, are estimated to total approximately $529,736. Hospital and other field service communications revised estimated requirements together aggregate $809,736, as compared with $322,250, included in the amount appropriated for the current year. In addition to the revised estimated amount required for the field service, $150,000 is necessary to provide for these operations in the departmental service.

Estimates for the field service are difficult to approximate, due to the changing pattern of activities. About 1,500 contact offices, guidance centers, regional offices, subregional offices, branch offices, and several new hospitals will be activated in the immediate period ahead, requiring unusual communication requirements necessary to securing of space, establishing organization, transferring operations, and stabilizing procedures.

Total field and departmental requirements represent obligations of $436,243, experienced during the first 6 months, together with a similar amount for the second 6-month period of the present year, plus 10 percent of both amounts to provide for expanding activities.

RENTS AND UTILITY SERVICES

An additional $5,130,140, it is estimated, will be required over the $3,942,253 appropriated for this classification for fiscal year 1946, divided as follows: $4,952,956 for rental of office buildings; $109,310 for furnishing of heat, light, water, etc.: $67,874 for rental of sound-picture apparatus, film service, and other types of equipment.

Revised requirements for rentals of space total $6,196,258 as compared with $1,243,302 included in the appropriation. The major contributing factors to this increase are decentralization, separation, and intensification of activities. The New York branch of central office will require about $790,165, as compared with $336,146 originally estimated, due to expanding insurance and finance services awaiting partial decentralization to the field. Separation or activation of regional offices, according to revised schedules, will require providing rentals of $3,908,272 for 45 offices in contrast to rentals of $271,177.39 for the 10 offices originally designated. Contact and subregional office operations will require an estimated average of 893 offices at $1,000 rental per annum, or $893,000 for the current year, as compared with $57,788 originally provided. Also, $39,605 will be necessary to rent an average of 89 guidance centers during this period. Rental estimates for branch offices for fiscal year 1946 are computed at 1,000,000 square feet for 3 months, at $1.75 per square foot, or $437,500. This rate per square foot includes the estimated cost of heat, light, and water.

Obligations for furnishing of heat, light, water, etc., totaled $1,198,931 for the period July 1, 1945, through December 31, 1945, and it is estimated that this expense will double for the 12-month period and, in addition, will require 5 percent of 6-month obligations for new hospitals opened or acquired during the last 6 months of fiscal year 1946. The revised amount for this purpose will total $2,457,810, as compared with $2,348,500 originally estimated.

Other rental items, such as sound-picture apparatus, film service, and tabulating equipment, will require, it is estimated, $418,325, or $67,874 more than first anticipated. Sound-picture apparatus and film-service rentals were estimated

on a basis of number of months of expected operation at experienced average cost, while tabulating and other record-keeping equipment requirements were determined on the basis of actual obligations through December 1945, plus estimated cost for the remainder of the fiscal year.

OTHER CONTRACTUAL SERVICES

Expenditures for other contractual services, revised estimates indicate, will aggregate $23,600,334, as compared with $34,629,905 contained in the original appropriation for fiscal year 1946. The difference between these two amounts, $11,029,571, represents a net reduction requested for this purpose. Additional requirements are distributed in the following manner: Fee services and reimbursements, $2,353,814; repairs to buildings, $1,350,000; storage, maintenance, and repair of motor vehicles, $1,365; repairs to furniture and equipment, $90,600; laundry and towel service, $98,000; visual education, $99,500; alterations of office space, $3,224,000; ambulance service, window washing, etc., $65,650; research—prosthetic appliances, $250,000, Offsetting the above increased requirements is a reduction of $18,562,500 for processing of loans; this reduction is due to Public Law 268, Seventy-ninth Congress, authorizing a much longer period for guaranteeing loans, and the small number of losses on guaranteed loans to date.

Current experience determines the additional requirements for fee services and reimbursements. Contract and other Government hospitalization fees are continued on the basis of 5,500 average patient-days in accordance with previous agreements. A further amount of $165,000 has been included in the revised estimate to cover the provision, section 13 (*b*), Public Law 293, Seventy-ninth Congress, for tuition and instruction of medical personnel; this new requirement will provide $65,000 for physicians attending courses of training in the field of neuropsychiatrics and will provide $100,000 to acquire fee basis instructors, divided equally between general medicine and neuropsychiatrics. Fees for medical examinations and treatments, dental examinations and treatments, and for miscellaneous services are expected to increase in the following amounts: Medical examinations, $845,954; dental examinations and treatments, $190,202; miscellaneous services, $1,189,965; and out-patient service, Philadelphia, Pa. (United States Navy), $45,000. Additional fees, other than for hospitalization and medical instruction, are based on obligations for the first 5 months of the current year, plus a projection of November experience for the period December 1 to June 30, 1946.

Increases for other contractual services are: Repairs to buildings, $1,350,000 and visual education, $99,500; both amounts represent the differences between funds included in the original appropriation and revised limitations authorized by Public Law 269, Seventy-ninth Congress; alteration of office space, $3,224,000—to cover costs in connection with departmental expansion and establishment of 35 regional offices, 13 branch offices, and an undetermined number of subregional offices not provided for in the original estimates; research, prosthetic appliances, $250,000—to provide for commitments involved in activating a major research program which will be coordinated with Army efforts in this field; and minor increases due to increased program requirements—i. e., storage, maintenance, and repair of motor vehicles, $1,365; repairs to furniture and equipment, $90,600; laundry and towel service, $98,000; and ambulance service, window washing, etc., $65,650.

SUPPLIES AND MATERIALS

Original estimates for this classification totaled $24,882,267, while, it is estimated, revised requirements will aggregate $40,305,372 or $15,423,105 additional. This decidedly marked increase in requirements is due to large increase in individuals hospitalized; purchases of permanent orthopedic and prosthetic appliances for an increasing number of World War II veterans with service-connected disabilities; expenditures for trainee supplies under Public Law 16; expansion of occupational therapy, physical medicine, recreational and library activities; increased issuance of burial flags; initial inventories and continuing requirements for regional offices, subregional offices, and contact offices which are being activated; and supplies for the greatly expanded activities of central office and the New York branch of central office.

Supplies and materials for field activities, exclusive of provisions and trainee supplies, are expected to total $15,346,067, as compared with $7,520,432, the original estimate, an increase of $7,825,635. This revised requirement for the

field service is based on obligations through December 31, 1945, $6,975,486, projected at the same rate for the balance of the year, with an additional 10 percent of this total added to cover initial inventories and continuing requirements at new or acquired hospitals, and new branch, regional, subregional, contact and guidance center offices.

Funds for provisions, aggregating $22,582,305, are included in the revised estimate, as contrasted with $16,778,410 included in the present appropriation, an increase of $5,803,895 for this purpose. This additional requirement is based on accrued cost as reported for the 6-month period July 1 to December 31, 1945, by all hospitals including homes, and a revised ration count of 39,203,413 resulting from reevaluation, due to the war's end, of the patient load from 76,625 to 87,970 average patient-days. The equation used follows:

Accrued costs, July 1, to Dec. 31, 1945				$10,060,043
Estimated costs, Dec. 31, 1945, to June 30, 1946:				
	Fiscal year 1946			
	Estimated rations	Actual rations times 6 months	Average cost, second quarter	
NP	18,825,547	9,412,675	$0.534	5,026,474
TB	3,008,816	1,415,166	.818	1,303,606
General	13,013,181	5,062,908	.636	5,056,373
Domiciliary	4,355,869	1,886,718	.460	1,135,809
Total				22,582,305

Average ration costs for the second quarter of the present year were selected in the above computation to provide for the progressive increases in raw-food cost experienced so far this year. Raw-food cost for all hospitals averaged 51.7 cents for fiscal year 1945; 56.3 cents July 1945, 56.2 cents August, 57.6 cents September, 58.3 cents October, 59.5 cents November, and 59.9 cents December 1945, while home raw-food costs follow a similar pattern.

Supplies and materials requirements for the central office in Washington, the branch office of central office in New York, and the regional-office activities in insular and territorial possessions, experiencing obligations of $1,199,932 during the first 6 months, are estimated at $2,000,000, an increase of $1,416,575 over $583,425 originally estimated for the current year. Demobilization, necessitating rapid expansion of the many programs, requires the purchase of enormous quantities of folders, envelopes, photostat paper, and other similar items of stationery and office supplies.

Separated under this symbol is $377,000 for trainees' supplies and materials (Public, 16). This amount is based on the 1945 average cost of $11 per student and provides for an average of approximately 34,282 students during the 1946 fiscal year.

EQUIPMENT

The revised amount requested for the purchase of equipment, including motor vehicles; initial equipment for new hospitals and existing centers; replacement equipment; additional equipment for expansion purposes; and books, tools, and other equipment required by vocational-rehabilitation trainees during the current year is $24,239,774. This amount, when compared with the requirement contained in the original appropriation, $4,141,372, represents an increase of $20,098,402.

Requirements for motor vehicles are expected to total 410 units and $926,745 in contrast to $276,450 originally provided for 55 passenger carrying and 94 other vehicles. Public Law 269, Seventy-ninth Congress, increased the limitation on passenger-carrying vehicles from 55 to 284, while a recent study in connection with hospital and regional office needs for this purpose indicated that 126 rather than 94 other vehicles will be necessary. Revised requirements are divided: 284 passenger-carrying vehicles at $614,100; other vehicles, $312,645.

The purchase of initial equipment for hospitals is revised to $3,975,642. Obligations to date for this purpose are $487,541; unobligated allotments covering purchases being processed, $304,869; items to be obligated, but not covered by

allotments, which definitely cannot be furnished from surplus, $1,654,176, and $1,529,056 for items which may or may not be obtained from surplus, comprise this total. Of the $1,654,176, included for items which cannot be furnished from surplus, $1,089,478 represents initial equipment requirements to activate the special service program.

Equipment for expansion of regional offices and activation of branch offices is expected to aggregate $7,505,767. This amount is based on a current appraisal of requirements which discloses that $4,066,000 will be necessary in addition to the $1,772,863 obligated the first 6 months of the current year, and $1,666,904 in unobligated allotments, now recorded.

Replacement equipment for the field stations has experienced obligations of $2,254,727 for the first 6 months of the present year; approximately $2,393,618 additional is now set up as unobligated allotments and, in addition, approximately $4,400,000 additional will be required to cover other purchases and surplus acquisitions. These three components of replacement equipment needs total $9,048,345.

Equipment for the central office and New York branch of central office is expected to total $1,652,275. This increased amount over the $752,275 provided in the appropriation is due to the great increase which has occurred in departmental activities.

Books, tools, and other equipment purchased for trainees under Public Law 16 has been revised upward from the $408,199, believed necessary before the war's end, to $1,131,000. Expenditures for this purpose during fiscal year 1945 were $328,688, or an average annual cost of $33 per trainee. The average number of veterans in training under this law is estimated to have increased from the actual average of 9,963 in 1945 to 34,282 in 1946. The experienced average eost of $33 per trainee for books, tools, etc., has been applied to the 1946 average.

Based on negotiations which are now being conducted with the War and Navy Departments, it is believed that a minimum of $5,000,000 of the above equipment requirements will be acquired from surplus. However, certain types of operations, such as expansion of regional offices, activation of branch offices, equipping of hospitals about to open, cannot be delayed awaiting certain types of surplus becoming available. Provision has been made in the total requirements for this symbol to minimize delays in effecting decentralization and expansion.

LAND AND INTEREST IN LAND

Public Law 268, section 1, Seventy-ninth Congress, authorized acquisition of land and buildings to effectuate the provisions of that law. Based on the latest survey for this purpose, it is estimated that land and buildings costing $6,840,650 for 12 regional offices and $4,460,000 for 3 branch offices will be acquired during the current fiscal year.

While buildings may be acquired at these locations during the present fiscal year, rentals, as justified above, will be necessary to provide space awaiting remodeling of these structures.

GRANTS, SUBSIDIES, AND CONTRIBUTIONS

A net estimated additional amount of $14,121,800 is believed necessary for this object classification consisting of a $14,269,400 increase to provide for administrative expenses of States in handling readjustment allowances offset by a $147,600 decrease in the cost of veterans hospitalized in State homes.

The appropriation provided for hospitalizing 5,213 veterans in various State homes at the statutory rate of $300 per annum; now, based on experience through December 31, 1945, this number is adjusted downward to 4,721 average patient-days, or a reduction from $1,563,900 to $1,416,300.

The payment of readjustment allowance to World War II veterans, authorized by title V of the Servicemen's Readjustment Act of 1944, is made by the States. The Social Security Board pays the administrative expenses of the States in handling unemployment compensation and the Veterans' Administration pays the proportionate share of such expenses for handling veterans' benefits. The cost to the Veterans' Administration for this expense in 1945 was $1,516,155.

The amount disbursed for readjustment allowance during the 1945 fiscal period was $23,547,373 and the amount paid for administrative expenses represented approximately 6½ percent of that total. Certain work-load unit costs experienced in 1945 in connection with the administration of this benefit by the States are estimated to decrease by nearly 35 percent as the volume of work increases. On

this premise, it is estimated that administrative expenses will total approximately 4.2 percent of the readjustment allowance paid in 1946, or $20,212,900. The percentage of 3.6 percent, used in computing the estimates for fiscal years 1946 and 1947, will not be adequate as a result of a recent agreement between the Veterans' Administration, United States Employment Service, Social Security Board, and the Bureau of the Budget, in which this Agency will assume a greater portion of the rent and personnel costs of States' unemployment-compensation activities due to expansions resulting from our heavy readjustment allowance load.

The amount provided in the 1946 original appropriation, $5,943,500, was determined on the basis the war would continue through the current year.

PENSIONS, ANNUITIES, AND INSURANCE LOSSES

This item, covering expenditures for burials of beneficiaries and for tuition paid for World War II veterans receiving vocational rehabilitation under Public Law 16, will require a net additional amount of $391,930, analyzed: $485,800 additional for tuition, offset by a $93,870 decrease for burials of beneficiaries.

Burial expenses in 1945 totaled $4,827,837 and this expense is reestimated at $6,108,780, as contrasted with $6,202,650 included in the 1946 appropriation.

Estimates for burial awards for the Civil and Indian wars are based upon the relationship of these awards to the losses to the pension roll by deaths, and the assumption that all living veterans of these wars are on the pension rolls. During the fiscal year 1945, burial awards represented approximately 92 percent of the losses to the pension roll for the Civil War and 78 percent for Indian wars. These percentages have been applied to the estimated losses to the pension rolls for these wars for the fiscal year 1946. During the fiscal year 1945, deaths of Spanish-American War veterans represented 128 percent of the net loss to the pension roll and burial awards approximated 90 percent of the deaths. The estimate for 1946 is based on a continuation of the above percentages in relation to the estimated losses on the pension roll for these fiscal periods.

The estimates for Regular Establishment are based on the experience for 1943, 1944, and 1945, which shows an average of 36 burial awards per month.

Estimates for World War I are based upon the relationship of burial awards to the estimated number of deaths shown by actuarial tables. During the fiscal years 1942 through 1945, burial awards were authorized for approximately 85.62 percent of the estimated deaths. This percent has been continued for 1946.

Estimates for World War II are based upon the relationship of burial awards to the estimated deaths which may occur among veterans after discharge from service. During the fiscal year 1945, burial awards approximated 36.42 percent of the estimated deaths after discharge. It is estimated that burial awards during 1946 will approximate 50 percent.

Based upon obligations during the fiscal year 1945, the average value per award was $102, and this average is continued for 1946.

The following table shows the burial awards and obligations during the fiscal years 1940 through 1945; also estimates for 1946.

Burial awards

Fiscal year	Indian wars	Civil War	Spanish-American War	Regular Establishment	World War I	World War II	Total	Total obligations
1940	268	974	6,831	296	32,765	----------	41,134	$3,905,332
1941	279	794	7,076	414	36,067	----------	44,630	4,270,517
1942	198	443	6,388	554	33,620	19	41,222	4,200,531
1943	198	297	6,263	463	36,047	327	43,595	4,307,304
1944	163	205	6.074	401	35,239	2,439	44,521	4,464,422
1945	131	143	6,126	423	35,796	4,630	47,249	4,827,837
Estimated 1946	105	76	5,225	432	40,501	13,551	59,890	6,108,780

For the payment of tuition under Public Law 16, $10,285,000 is believed necessary as compared with $9,799,200 requested in the original appropriation.

Actual obligations for tuition in 1945 were $2,992,768, and an average of 9,963 veterans received vocational rehabilitation during this period, indicating an average cost of $300 per veteran. The estimate of the number of veterans who will receive vocational education in 1946 has been related to the trend in the percent of those in training to the number of veterans on the service-connected pension roll in 1945. That trend in 1945 has been increased slightly and appplied

to the estimated number to be on the service-connected pension roll (World War II) in 1946, resulting in an average of 34,282.

SURPLUS SUPPLIES AND EQUIPMENT ACQUIRED BEYOND CURRENT YEAR'S NEED

After careful evaluation of the present inventory position of the Veterans' Administration in relation to types of surplus supplies and equipment becoming available from agencies other than the War and Navy Departments during fiscal year 1946 and requiring funds for acquisition, $500,000 has been included in this revised estimate for requirements beyond the current year's needs. The character of commodities procured through use of these funds will be of such type that although they will have use in the immediate subsequent years, economies effectuated by purchasing at this time will justify their acquisition.

SURPLUS SUPPLIES AND EQUIPMENT ACQUIRED WITHOUT REIMBURSEMENT

Taking into consideration the latest information concerning types of surplus available from the armed services without reimbursement, the Veterans' Administration, following a policy of using to the fullest possible extent excessive materials and equipment of those services, has made an offset of $5,413,000 in the revised requirements for the current year.

The effect of this procedure is to reduce the actual funds required to obtain supplies and equipment, estimated above as necessary for operations during this year, by the value of such surplus commodities which may be obtained from the War and Navy Departments without charge.

Negotiations are now in process to obtain equipment for 100,000 hospital beds from the War Department, or a 5-year requirement; and other supplies and materials will become available as surplus is determined and surveys made. However, decentralization and expansion of the Veterans' Administration cannot be tied to the above contingencies and the amounts offset under equipment, $5,000,000, and under supplies, $413,000, represent the largest offsets permissible in accordance with the immediate requirements.

REIMBURSEMENTS FOR SERVICES PERFORMED

The Veterans' Administration receives reimbursements from the United States Employees' Compensation Commission for examinations and hospitalization of beneficiaries of that Department; and from the United States Civil Service Commission for physical examinations made by the Veterans' Administration upon request of that Commission. This procedure is in accordance with the provisions contained in our appropriation act which requires that the Veterans' Administration be reimbursed for services rendered any persons other than beneficiaries entitled thereto under the laws bestowing such benefits to veterans.

While the amount originally estimated for this purpose was $138,000, current experience indicates $200,000 will be received for the fiscal year 1946.

I should like to insert at this point a detailed break-down of the 1946 appropriation for salaries and expenses which will show the additional requirements.

(The break-down follows:)

Salaries and expenses—Analysis of revised appropriation estimate for the fiscal year 1946

Purpose of expenditure	Revised 1946 estimated requirements	1946 appropriation estimate	1946 additional funds required
Personal services:			
Man-years	92,793	73,811.4	
Salaries, departmental and field (net)	$244,640,361.00	$130,130,651.00	$114,509,710
01 Total	244,640,361.00	130,130,651.00	[1] 114,509,710
Travel expenses:			
Railroad fares, pullman, per diem, subsistence, and lodging	6,500,000.00	3,940,500.00	2,559,500
02 Total	6,500,000.00	3,940,500.00	2,559,500

See footnotes at end of table, p. 19.

Salaries and expenses—Analysis of revised appropriation estimate for the fiscal year 1946—Continued

Purpose of expenditure	Revised 1946 estimated requirements	1946 appropriation estimate	1946 additional funds required
Transportation of things:			
Freight and express, parcel post and drayage	$2,815,834.00	$1,825,084.00	$990,750
Payment for penalty mail	185,000.00	50,400.00	134,600
Shipment of bodies	164,318.00	164,318.00	
03 Total	3,165,152.00	2,039,802.00	1,125,350
Communication services:			
Telephone, telegraph, and other communication service	959,736.00	597,000.00	362,736
04 Total	959,736.00	597,000.00	362,736
Rents and utility services:			
Furnishing of heat, light, water, etc	2,457,810.00	2,348,500.00	109,310
Rent of office buildings, etc	6,196,258.00	1,243,302.00	4,952,956
Sound picture apparatus and film service, etc	418,325.00	350,451.00	67,874
05 Total	9,072,393.00	3,942,253.00	5,130,140
Fee services and reimbursements:			
Hospitalization—contract and other Government:			
Average number of patients	5,500	5,628	
Number of patient-days	2,007,500	2,054,220	
Cost per patient-day	$4.56	$4.49	
Total hospitalization, contract, and other Government	9,148,543.00	9,230,850.00	−82,307
Examinations, fee service, medical	1,062,704.00	216,750.00	845,954
Examinations and treatment, fee service, dental	280,952.00	90,750.00	190,202
Miscellaneous fee services	1,749,870.00	559,905.00	1,189,965
Out-patient service, Philadelphia, Pa. (U. S. Navy)	125,000.00	80,000.00	45,000
Out-patient service (Public Health Service)	3,500.00	3,500.00	
Medical instruction fees	165,000.00		165,000
06 Total	12,535,569.00	10,181,755.00	2,353,814
Other contractual services:			
Repairs to buildings	5,000,000.00	3,650,000.00	1,350,000
Storage, maintenance, and repair of motor vehicles	21,815.00	20,450.00	1,365
Repairs to furniture and equipment	200,000.00	109,400.00	90,600
Laundry and towel service	400,000.00	302,000.00	98,000
Visual education	99,500.00		99,500
Special and miscellaneous	4,015,650.00	476,000.00	3,539,650
Supply depot personnel (U. S. Navy)	4,800.00	4,800.00	
Food and drug inspection (Federal Security Agency)	5,000.00	5,000.00	
Market and meat inspection (Department of Agriculture)	68,500.00	68,500.00	
Bureau of Standards inspection (Department of Commerce)	12,000.00	12,000.00	
Processing loans (Federal agencies)	1,237,500.00	19,800,000.00	−18,562,500
Interest on loans and guaranteed losses			
Total	11,064,765.00	24,448,150.00	−13,383,385
07 Total	23,600,334.00	34,629,905.00	−11,029,571
Supplies and materials:			
Stationery and office supplies	3,766,695.00	718,812.00	3,047,883
Cleaning and toilet supplies	637,773.00	637,773.00	
Medical and hospital supplies	3,910,651.00	1,867,939.00	2,042,712
Orthopedic and prosthetic supplies, etc	2,000,000.00	457,867.00	1,542,133
Fuel	1,887,861.00	2,209,922.00	−322,061
Wearing apparel and sewing supplies	2,500,000.00	703,414.00	1,796,586
Forage and other supplies for animals	358,190.00	358,190.00	
Provisions	22,582,305.00	16,778,410.00	5,803,895
Motor vehicle supplies	212,337.00	109,402.00	102,935
Sundry supplies	2,072,560.00	1,040,538.00	1,032,022
Trainees, supplies (Public Law 16)	377,000.00		377,000
08 Total	40,305,372.00	24,882,267.00	15,423,105

Salaries and expenses—Analysis of revised appropriation estimate for the fiscal year 1946—Continued

Purpose of expenditure	Revised 1946 estimated requirements	1946 appropriation estimate	1946 additional funds required
Fee services and reimbursement—Continued			
Equipment:			
Motor vehicles	$926,745.00	$276,450.00	$650,295
Initial equipment (hospital)	3,975,642.00	2,296,250.00	1,679,392
Regional office expansion	7,505,767.00		7,505,767
Replacement equipment (field)	9,048,345.00	408,198.00	8,640,147
Central office and New York branch	1,652,275.00	752,275.00	900,000
Trainees' equipment (Public Law 16)	1,131,000.00	408,199.00	722,801
09 Total	24,239,774.00	4,141,372.00	20,098,402
Capital improvements	11,300,650.00		11,300,650
10 Total	11,300,650.00		11,300,650
Grants, subsidies, and contributions:			
State aid	1,416,300.00	1,563,900.00	−147,600
Administrative expense—readjustment allowance (State and Federal agencies)	20,212,900.00	5,943,500.00	14,269,400
11 Total	21,629,200.00	7,507,400.00	14,121,800
Burials and vocational rehabilitation tuition:			
Burials	6,108,780.00	6,202,650.00	−93,870
Tuition (vocational rehabilitation)	10,285,000.00	9,799,200.00	485,800
12 Total	16,393,780.00	16,001,850.00	391,930
Total obligations, gross	401,806,752.00	227,813,000.00	173,993,752
Surplus supplies and equipment acquired beyond current year's need	+500,000.00		500,000
Surplus supplies and equipment acquired without reimbursement	−5,413,000.00		−5,413,000
Reimbursement for services performed	−200,000.00	−138,000.00	−62,000
Net total obligations	396,693,752.00	227,675,000.00	169,018,752
Supplemental appropriation pending due to Public Law 106		[1] 54,168,752.00	54,168,752
Total estimate or appropriation	396,693,752.00	281,843,752.00	114,850,000

[1] Supplemental appropriation pending due to Public Law 106, $54,168,752, when offset against 01, personal services, results in net increase of $60,340,958.

Mr. LUDLOW. Suppose you tell us about it.

REASON FOR INCREASES REQUESTED

General BRADLEY. This is for salaries and expenses due to the increase in our personnel and all other administrative activities. For example, the increase in personnel from October 1, last fall until January 31 was over 30,000.

Mr. TABER. From what to what?

General BRADLEY. From 71,132 to 101, 397.

Mr. LUDLOW. In what period?

General BRADLEY. From October 1, 1945, to January 31, 1946, and we estimate that the cost will be increased between now and June 30 by an estimated 30,000 additional.

Mr. LUDLOW. Does that cover all types of personnel?

General BRADLEY. Yes, sir. The increase in the central office here and in New York was 3,882, from 16,354 to 20,236. The total for the field was from 54,778 to 81,161, or an increase of 26,383.

Mr. LUDLOW. Is there a prospect that the increase will keep going up all the time?

General BRADLEY. Yes, for two reasons. We are taking over Army hospitals to provide additional beds wherever we find them and think we can staff them. We take them over and try to save as much personnel as we can. We get as many doctors locally as we can. The increase here in hospital centers and homes during the same period was 12,725, showing that in our endeavor to take over hospital beds what it means in additional personnel. Some of the increase between now and June will be for taking over additional hospital facilities.

BREAK-DOWN OF INCREASES FOR FULL-TIME EMPLOYMENT DURING CURRENT FISCAL YEAR

Mr. LUDLOW. I think the committee would like to have a detailed break-down if you can furnish that for the record.

General BRADLEY. We will try to do that.

(The statement referred to is as follows:)

Comparison of full-time employees on duty Oct. 1, 1945, and Jan. 31, 1946

	Oct. 1, 1945	Jan. 31, 1946	Increase
Total, "Salaries and expenses" appropriation	71,132	101,397	30,265
Central office	8,181	10,018	1,837
New York branch of central office	8,173	10,218	2,045
Total, departmental	16,354	20,236	3,882
Branch offices		965	965
Area offices	1,176	1,408	232
Regional offices	7,117	19,526	12,409
Centers, hospitals, and homes	46,382	59,107	12,725
Supply depots	103	155	52
Total, field	54,778	81,161	26,383
Total full-time employees on duty		101,397	
Part-time, purchase and hire, excluding $1 per annum employees		1,351	
Total employees		102,748	

Mr. LUDLOW. This shows the distribution of increased personnel at specific establishments as of October 1 and January 31, and the increase proposed under this estimate is the amount shown in that table?

General BRADLEY. This increase is actual, and it shows that the increase between now and June 30 will be about 30,000.

Mr. LUDLOW. Do you mean to say that these persons estimated in the items before us are already on the job?

General BRADLEY. Part of them and part of them will be between now and June 30.

Mr. LUDLOW. Is this estimate of $114,850,000 presumed to carry us through and pay all bills to June 30?

Mr. MOORE. That is our best estimate.

STATUS OF CURRENT APPROPRIATIONS

Mr. TABER. I wonder if you could give us this information at this time. How much was the original amount in the 1946 bill; how much have you spent down to the 1st of February and on what basis do you figure the deficiency? If you could give us that, it might help us.

General BRADLEY. The original appropriation for 1946 was $227,675,000.

Mr. TABER. How much have you spent?

General BRADLEY. Obligations to January 31 were $187,638,573.54.

Mr. TABER. That was for how many people?

Mr. MOORE. That covers all items.

Mr. TABER. The original appropriation was figured on a basis of how many people?

Mr. MOORE. That was all estimated in man-years.

Mr. TABER. If you could give us that, it might help.

General BRADLEY. It is 77,439.

Mr. TABER. That was on a considerably expanding activity, was it not?

Mr. MOORE. No, sir; that was on the basis of the war continuing and without taking into consideration VJ-day or VE-day.

Mr. TABER. The number of employees on the 1st of October was 71,000 and it is now something better than 100,000. The number of man-years involved in your estimate for 1946 was 77,000, so that it was on a basis of an expanded activity?

General BRADLEY. Some expansion, but not to the extent that we are having to expand now.

INCREASE IN THE NEW YORK OFFICE

Mr. LUDLOW. Why does your New York office expand more than your central office here?

General BRADLEY. Because we are having more troubles there. You see, our insurance is in New York. Last August we had less than 400,000 individual accounts. In January we had 1,300,000 individual accounts, paying their premiums as individuals rather than being sent in to us in a lump sum by the services. We are getting more inquiries on conversion. So we had to expand our insurance office tremendously and we are still not in very good shape, as you hear in the newspapers; and we admit it. We are still a long ways behind from getting that insurance business where we want it.

EXPANSION OF REGIONAL OFFICE WORK

Mr. LUDLOW. Your expansion in your regional office business has been very great; the total number of employees on October 1 was 7,117 and on January 31 you had 19,526, an increase of 12,409. What was the cause of that great increase?

General BRADLEY. They handle loans, disability pension claims, applications for education. Our business along those lines has increased tremendously. For example, we adjudicated in August, approximately 70,000 pension claims. In January we adjudicated 196,000, almost three times as many. But we received over 300,000 applications for pensions during January. We were not even able to keep up then, so that with the flood of business coming in, we have tried to expand our regional offices to take care of that business. We still have not expanded them sufficiently, because we have not been able to get space, in some cases. A lot of these offices were in hospitals and we have tried to move them out and get them downtown. Where we have been able to get space, we have had considerable expansion;

coming to almost three times as much as we had before. But we are still behind and we are going to have to expand even more to offset this criticism that is being directed at us for not being able to keep up with the business.

PERSONNEL ASSIGNED TO CENTERS, HOSPITALS, AND HOMES

Mr. LUDLOW. I think you might tell us about your expansion in personnel assigned to centers, hospitals, and homes. That is the largest bulk of your personnel.

General BRADLEY. We have taken over several additional hospitals from the Army and we take over the personnel that is in them, to run them. We have also recruited a considerable number of doctors and nurses and attendants. We have been losing a great many of our enlisted men that were detailed to us. I think last summer there were some 7,000 enlisted men detailed to us as attendants. We have been gradually losing those.

Mr. LUDLOW. You mean because they were being discharged from the service?

General BRADLEY. Yes, sir. They go out on points and they are are not replaced. We have to replace them with civilian attendants. We are beginning to get civilian attendants now, because the labor market is easing up a little, except that we are having considerable trouble at isolated stations.

Mr. LUDLOW. Are you getting satisfactory personnel?

General BRADLEY. In some cases, yes; in some cases it is not yet satisfactory. It is a little bit early yet to determine whether or not we are going to be able to get the kind of help we need.

Mr. LUDLOW. We have a break-down showing as of January 31, 1946, 101,397. It is not contemplated that that will remain static through the remainder of the fiscal year, is it? You are increasing in all of these brackets all the time?

General BRADLEY. Yes, sir. We estimate we will have approximately 30,000 more to be recruited between now and June 30.

Mr. LUDLOW. Do I understand that they are estimated for in this submission that is before us?

General BRADLEY. Yes, sir.

Mr. LUDLOW. The additional 30,000?

General BRADLEY. Yes, sir.

PER DIEM EMPLOYEES

Mr. LUDLOW. With reference to your part-time, purchase-and-hire, and dollar-per-annum employees, you have 1,351 of that type. You might give us a word about those; what kind of work they do?

General BRADLEY. That figure is exclusive of $1 per annum employees, part-time repair work, and part-time doctors for helping out on physical examinations and treating patients in hospitals where we do not have complete staffs. I believe those are the two principal groups.

Mr. LUDLOW. How many dollar-per-annum employees do you have?

Mr. MOORE. We have 1,836, composed mostly of volunteer nurses aides.

HOSPITAL LOAD

Mr. LUDLOW. Is your hospital load coming up to your expectations?

General BRADLEY. We have quite a long waiting list to get into our hospitals at the present time.

Mr. LUDLOW. Would you know about how many are on your waiting list?

General BRADLEY. Yes, sir; I think I can give you that figure. Patients awaiting hospital admission, at the end of January, 655 service-connected cases and 16,316 non-service-connected cases.

UTILIZATION OF ARMY AND NAVY HOSPITALS

Mr. LUDLOW. I know the limitations that are imposed upon you by statute with regard to the use of Army and Navy hospitals, and also your general policy. But, are you utilizing Army and Navy hospitals to take care of this temporary load?

General BRADLEY. Do you mean hospitals that they staff?

Mr. LUDLOW. Yes.

General BRADLEY. Where we can take them over, we have requested the Army and the Navy to furnish us as many beds as they can in their hospitals that they staff.

Mr. LUDLOW. Operating under Army and Navy control?

General BRADLEY. Yes, sir. And they have given us quite a number.

Mr. TABER. And they are giving you more as you go along, are they not?

General BRADLEY. Yes, sir. But they are up against it, too, because they are getting this demobilization pressure. I understand the Army will be down to some 4,000 doctors by the end of June, so they cannot furnish us very many beds. Here is a figure as of February 14, 1946. We had 1,447 in Army hospitals, 3,264 in Navy hospitals, and 2,446 in State and civilian hospitals.

Mr. LUDLOW. When will those facilities terminate?

General BRADLEY. We are hoping that those will actually increase as they discharge patients, even though they are cutting down on the number of doctors. We hope they will also cut down on the number of patients. We hope the number of beds furnished in Army and Navy hospitals to us will be increased. We are hoping to get eventually 10,000 from each. The Navy has promised us some 9,000, the figure to be reached by next September.

Mr. LUDLOW. Will that be a reasonably permanent arrangement?

General BRADLEY. No, sir; not permanent. But it will help us through this emergency. The Army are not sure whether they can furnish us up to 10,000 or not. They have got to study their demobilization yet before they can tell us.

We are taking over such Army hospitals, as are surplus Army hospitals, as we can staff. But there is no use taking one over unless we can staff it. We have been very short of doctors. As of the end of December, before we got this new medical bill, we had 2,100 doctors and we were supposed to have about 3,400 in order properly to staff the existing hospitals. About 500 of the 2,100 were in uniform, just waiting to get out on points.

However, since the passage of the medical bill we have recruited 641 doctors and they are coming in at a rather encouraging rate.

In addition to that, we have taken over some hospitals where we could get maximum help from civilian doctors, such as at medical centers, which has enabled us to take over additional beds.

For instance, at Topeka, Kans., we took over that hospital, and the doctors at Dr. Meninger's mental clinic are performing practically all of the duties. We have sent out only one doctor and we will have to send out some more of our full-time doctors, but for the time being they are running it for us.

With regard to surplus Army hospitals, a great many of them are away out in the country and we cannot get any help there. We were very much in need of a hospital in eastern Ohio and we canvassed the personnel there and not a single doctor now on duty in the hospital was willing to stay on with us. There were nine doctors that were willing to work with us. In fact, two of those were pretty much limited in their practice to obstetrics; one of them just out of medical school and another one 68 years old. So we could not staff it and we had to tell the State that we could not use it. They wanted it. They are very anxious to get it as a mental hospital.

That is what we have been up against in the matter of getting hospitals, getting employees with whom we can staff them.

We have requested the Federal Board of Hospitalization and the President for authority to use some 18 surplus Army hospitals and we are asking for more, if we find that we can get staffs for them.

Mr. LUDLOW. And in making your selections, you select those that are of some permanency?

General BRADLEY. Well, they are all of brick construction, semi-permanent, except two. There are two that we have asked for that are not. But they are in areas where we are so badly in need of beds that we thought we would just take them over, had to take them over and perhaps increase the number of attendants and guards in order to reduce the fire hazard. One is in New Orleans and the other one is in Oklahoma City, Okla.

Mr. LUDLOW. You anticipate an increase of hospital load for the next 35 or 40 years; do you not?

General BRADLEY. Yes, sir.

Mr. LUDLOW. Up to around 1975.

General BRADLEY. About 1975 we estimate we will reach the peak.

Mr. LUDLOW. And that peak will be something like 300,000 beds?

General BRADLEY. Three hundred thousand at the rate that we were furnishing them before Pearl Harbor.

Mr. LUDLOW. If there is nothing further you care to present, General, I believe that is all; I thank you for coming up.

General BRADLEY. Thank you, sir.

FRIDAY, MARCH 1, 1946.

FEDERAL SECURITY AGENCY

SOCIAL SECURITY BOARD

STATEMENTS OF W. L. MITCHELL, ASSISTANT EXECUTIVE DIRECTOR; ROY L. WYNKOOP, CHIEF, COORDINATING AND PROCEDURE DIVISION; MISS JANE M. HOEY, DIRECTOR, BUREAU OF PUBLIC ASSISTANCE; AND SAYA S. SCHWARTZ, CHIEF, OPERATING STATISTICS AND ANALYSIS SECTION

GRANTS TO STATES FOR PUBLIC ASSISTANCE

Mr. LUDLOW. Mr. Mitchell, we have before us an estimate from the Bureau of the Budget in House Document No. 436 for the Social Security for grants to States for old-age assistance and aid to dependent children and aid to the blind for the fiscal year 1946, in the amount of $10,000,000.

There has been previously appropriated for the current fiscal year $431,000,000. The deficiency estimate, as I understand it, is to assure the availability of an adequate amount to make grants for the fourth quarter.

Mr. MITCHELL. That is correct.

GENERAL STATEMENT

Mr. LUDLOW. Will you give us an explanatory statement?

Mr. MITCHELL. Yes, sir. Under titles I, IV, and X of the Social Security Act the Federal Government is obligated to grant funds to the States for the matching of anticipated expenditures by the States in each of the three categories in the assistance program; aid for the needy old age; aid to dependent children; and the needy blind. Congress has appropriated for this year $431,000,000 in a lump sum for these three categories.

During the first three quarters grants have already been made for matching expenditures by the States in the amount of $323,782,000. That leaves for the fourth quarter an unencumbered balance of $107,218,000.

On the basis of the trend in the requests by the States it is estimated that the amount to be advanced for the fourth quarter will be $117,218,000. Since the indicated balance of the $431,000,000 appropriation is only $107,218,000 an appropriation of $10,000,000 is needed immediately to meet the requirements for the fourth quarter.

The increased expenditures in the States that give rise to the need for this deficiency are attributable to two or three factors that I would like to mention briefly.

First, there have been some 20 States during this year that have through legislative or other action either removed or increased their maximum payment to recipients.

I think the committee understands that in the old-age program and the blind program the Federal Government matches all expenditures made by the States, up to $40 per individual, in the aid to dependent children, up to $18 for the first child and $12 for each succeeding child.

Mr. LUDLOW. When were those increases made; when did the States act, over what period?

Mr. MITCHELL. Since January 1, 1945.

Other increases arise out of the increased amounts paid to individuals due to rising living costs, and to the fact that the small earnings that have been available to some people in certain of these categories have dropped due to the close of the war.

BASIS FOR ORIGINAL ESTIMATES, 1946

I think I should say at this point that the original estimates for this year were based upon the close of the European war but did not anticipate the conclusion of the Pacific war. As you know, the curtailment of war contracts has decreased the amount of employment available, particularly for the people 65 years and over, who are among the largest number of beneficiaries under this program.

Mr. LUDLOW. During the emergency, were many people employed who were over 65 years of age?

Mr. MITCHELL. We do not have the record of the actual number, but there were substantial numbers of people 65 years and over employed in war industries.

Mr. LUDLOW. In the nature of things, now that the war is over, they will be thrown out of employment.

Mr. MITCHELL. Yes, sir.

INCREASE IN AVERAGE PAYMENTS

Mr. LUDLOW. Have you anything further to say to us?

Mr. MITCHELL. As to this increase in average payments to recipients if you would like to have a figure or two on that, I can give them to you.

For the aged, our 1946 estimate was based on $29.50 per month per individual. Our deficiency estimate contemplates an average payment of $30.70, and the actual amount for the most recent period we have available, which is December 1945, is $30.82—an amount, incidentally, in excess of the average payment upon which our present estimates are based.

In the aid to dependent children program our original estimate contemplated monthly expenditures of $45.75 per family. The deficiency request is based upon $51.50, and the actual payment for the period for which we have the latest figures is $52.06. For the blind program the original estimate was $30.50. The deficiency is based upon an estimate of $31.50, and the actual amount for the last month we know about was $32.24.

The number on the benefit rolls has not changed very materially. Our current estimate contemplates the same number of people, approximately, on the benefit roll that were submitted in our original estimate for this year. I might say, however, that since that time new statistical information now coming to our attention indicates that these rolls are increasing.

Miss HOEY. From September through November there was an increase of 14,000, aged recipients and in December alone there were over 8,000 additional.

Mr. LUDLOW. Would not the end of the war be reflected in an increase in the benefits?

Mr. MITCHELL. In the individual benefits as indicated by the figures I have quoted. The most recent figures suggest that not only the amount of the payments but the number of these beneficiaries is increasing.

Mr. LUDLOW. Is the amount of the grant final? Would there be any recovery by reason of the grant turning out to be in excess of the Government's share?

Mr. MITCHELL. Yes, sir. The grants have to be made in anticipation of the quarter in which they are spent, and to that extent, if there is any unencumbered balance the amount is deducted from any future grants.

Mr. LUDLOW. That is the way it is adjusted?

Mr. MITCHELL. Yes, sir.

ESTIMATE OF GRANTS FOR THIRD QUARTER

Mr. LUDLOW. And it is practically certain that the grants for the third quarter will aggregate $111,289,400?

Mr. MITCHELL. We are still in the third quarter, and it may be that that amount will be slightly in excess of that figure.

Miss HOEY. To adjust for any surplus there is a two quarters lag before the adjustment is made.

Mr. LUDLOW. As of what date was this estimate compiled for the third quarter?

Mr. WYNKOOP. That was approximately 6 weeks ago. We estimated we would expend during the first three quarters $323,782,000, and we did actually spend $323,821,000, or $39,000 more than the original estimate.

Mr. LUDLOW. How nearly up to date is this estimate of $111,289,400? Does it still hold good?

Mr. WYNKOOP. Yes, sir.

Mr. MITCHELL. I do not think we have been fully responsive to your question because we cannot tell definitely about the third quarter because reports from the States are not sufficiently current to enable us to tell you whether the $111,289,400 granted for the third quarter will be in excess of the needs. But specifically the evidence now points to the conclusion that the $111,000,000 plus will be needed for the third quarter.

Mr. LUDLOW. How much has been granted thus far for the third quarter?

Mr. MITCHELL. The total amount of $111,289,400. I might point out that in the first quarter the grants were $105,239,100 and for the second quarter, $107,253,500.

Mr. TABER. If you could give us accurate figures for the first two quarters, that is adjusted figures, it would help us, if you could give us those figures in place of the figures on page 52 of the justifications.

Mr. WYNKOOP. There are adjusted figures. The first two quarters are actual cash.

Mr. TABER. They are after you are through with your adjustments?

Mr. WYNKOOP. Yes, sir.

EXPENDITURES, 1945

Mr. LUDLOW. On pages 55, 56, and 57 you have given an account of the 1945 expenditures, and the rates are represented as being actual. The total Federal share for 1945 is $417,585,500. The 1947 Budget expresses the actual total for 1945 as $409,800,000. What is the explanation of the $8,000,000 differential?

Mr. SCHWARTZ. The $417,000,000 plus is the actual expenditure by the States from Federal funds while the 409,800,000 is the amount of the grants made to the States.

Mr. LUDLOW. The Budget calls for $484,000,000 for 1947. Does that amount take into consideration the factors which you say are responsible for this additional estimate?

Miss HOEY. We expect that the increase in the case load and in the average payment would mean an increase in the Federal grants in all three categories in 1947, and our requests are based on that.

Mr. LUDLOW. What is the explanation of these increases; is it because of decreased employment?

Miss HOEY. There is one thing.

There are some older people who were getting jobs who have now lost them. Also, mothers of children have lost their employment in war industries.

Mr. LUDLOW. Twenty States have increased their benefits, as I understand it?

Miss HOEY. Yes; their maximum benefits.

Mr. LUDLOW. Under the law under which you operate, it is obligatory to meet those increases on a 50–50 basis up to the limitation?

Miss HOEY. Yes.

Mr. LUDLOW. So there is not much discretion about it; it becomes almost a mathematical calculation.

Mr. MITCHELL. Yes, it is largely automatic and mathematical.

Mr. O'NEAL. How is this $10,000,000 divided in the three categories?

Mr. MITCHELL. There is $8,000,000 for the aged, $2,294,000 for aid to dependent children. There is a surlpus of $294,000 for aid to the needy blind.

Mr. O'NEAL. In the amounts shown in the first, second, and third quarters, have you actually spent that much money?

Mr. MITCHELL. For the first two quarters the amounts are actual, and for the third quarter that is the estimated amount. The actual expenditures are not known.

Mr. O'NEAL. You estimate it will be $111,289,400?

Mr. MITCHELL. Yes, sir.

METHOD OF ALLOCATING FUNDS TO STATES

Mr. O'NEAL. When you first divide this money, do you divide it into the amounts you have here, with $105,000,000-plus for the first quarter? Is that what you expected that you would have?

Miss HOEY. Those are actual expenditures.

Mr. O'NEAL. Do you allocate that money according to a formula?

Mr. MITCHELL. No, sir; we estimate for the full year's requirements on the basis of number of individuals and the average grant per individual, and make grants in accordance with the quarterly estimates that the States make to us.

Mr. O'NEAL. That would be $107,253,500 in the second quarter?

Mr. MITCHELL. Yes.

Mr. O'NEAL. Your estimates are in line, as far as the first two quarters are concerned. When did the third quarter start?

Mr. MITCHELL. On January 1.

Mr. O'NEAL. How do you explain the fact that unemployment comes after January rather than in the latter part of the year? Is it because more men are coming back?

Mr. MITCHELL. Yes. Also the grants for the third quarter are usually higher than in the preceding quarters because living costs are higher in the wintertime.

Mr. WYNKOOP. Also, some 20 States have increased their maximum.

JUSTIFICATION OF THE ESTIMATE

Mr. TABER. I think it might be well, Mr. Chairman, to put in the record pages 52 and 53 of the justifications, and also pages 55, 56, and 57.

Mr. O'NEAL. Without objection, those pages will be inserted.

(The pages referred to are as follows:)

GRANTS TO STATES FOR OLD-AGE ASSISTANCE, AID TO DEPENDENT CHILDREN, AND AID TO THE BLIND, SOCIAL SECURITY BOARD

Justification of supplemental amount requested for old-age assistance, aid to dependent children, and aid to the blind, for the fiscal year 1946

Regulation appropriation, 1946 fiscal year	$431,000,000
Supplemental appropriation requested, 1946 fiscal year	10,000,000
Total budget estimate, 1946 fiscal year	441,000,000

EXPLANATION OF SUPPLEMENTAL APPROPRIATION REQUESTED, 1946 FISCAL YEAR

The Social Security Board is requesting a supplemental appropriation under the provisions of titles I, IV, and X of the Social Security Act, of $10,000,000 for grants to States for old-age assistance, aid to dependent children, and aid to the blind for the fiscal year 1946, in addition to the $431,000,000 previously appropriated for this purpose. Attention is called to the fact that the $431,000,000 originally appropriated did not anticipate the end of the war in the Pacific.

Of the $431,000,000 appropriated for 1946, $323,782,000 of grants have been or are about to be made for the first three quarters, leaving a balance for the fourth quarter of $107,218,000. The grants for the first three quarters are as follows:

First quarter	$105,239,100
Second quarter	107,253,500
Third quarter	111,289,400
Total	323,782,000

On the basis of the trend in the requests by the States, it is estimated that the amount to be advanced for the fourth quarter will be $117,218,000. Since the indicated balance of the $431,000,000 appropriation is only $107,218,000, a deficiency appropriation of $10,000,000 is needed to meet the States' requirements for the fourth quarter.

The increase of $10,000,000 from our original estimate results primarily from increases in the average monthly payments per recipient under each program. Based on the latest reports from the States, the estimated increases amount to $1.20 per month for old-age assistance, $5.75 for aid to dependent children, and $1 for aid to the blind. These increases result from two factors, (1) the increase in or removal of maximums resulting from State legislative or administrative action in 1945, and (2) the States' efforts to increase individual payments in light of the increase in the cost of living and to compensate for loss of earnings or other income resulting from decreased employment opportunities. It is anticipated that the number of recipients for old-age assistance and aid to dependent children

will be the same as originally estimated and that the number for aid to the blind will be slightly less.

The accompanying tables present the detail supporting this request. The Federal share of assistance payments is somewhat less than 50 percent for payments to the aged and blind and only about a third for payments in behalf of dependent children. This is accounted for primarily by the fact that the Federal Government does not participate in the portion of monthly payments made by the States which exceeds the maximum individual payment matchable under titles I, IV, and X of the Social Security Act. The Federal Government participates in 50 percent of the cost of administration for aid to dependent children and aid to the blind. Grants made for old-age assistance are increased by 5 percent, which may be used by the States for either assistance or administration.

The Social Security Board believes that the $10,000,000 requested represents a necessary supplement to the regular appropriation of $431,000,000 in order to provide the estimated amount of grants to the States for old-age assistance, aid to dependent children, and aid to the blind for the fiscal year 1946.

TABLE 2a.—*Old-age assistance: Estimates of total expenditures for assistance payments and administration and the Federal share thereof, fiscal years 1945 and 1946*

	Fiscal year 1945 [1]	Fiscal year 1946	
		Estimate supporting regular appropriation	Revised estimate
1. Amount for assistance and administration:			
Total	$743, 981, 000	$767, 500, 000	$798, 930, 000
Federal share	$352, 397, 000	$363, 000, 000	$371, 000, 000
2. Amount for assistance payments:			
Total	$701, 951, 300	$727, 800, 000	$757, 430, 000
Federal share:			
Amount	$335, 452, 900	$345, 714, 000	$353, 333, 000
Percent	47.8	47.5	46.7
3. Amount for administration:			
Total	$42, 029, 700	$39, 700, 000	$41, 500, 000
Federal share (5 percent addendum)[2]	$16, 655, 200	$17, 286, 000	$17, 667, 000
4. Average monthly number of recipients	2, 059, 500	2, 056, 000	2, 056, 000
5. Average monthly payment	$28. 40	$29. 50	$30. 70

[1] Actual.
[2] Less than 5 percent addendum because the addendum may be used for assistance, administration or both.

TABLE 2b.—*Aid to dependent children: Estimates of total expenditures for assistance payments and administration and the Federal share thereof, fiscal years 1945 and 1946*

	Fiscal year 1945 [1]	Fiscal year 1946	
		Estimate supporting regular appropriation	Revised estimate
1. Amount for assistance and administration:			
Total	$151, 398, 100	$161, 800, 000	$181, 087, 000
Federal share	$55, 156, 600	$57, 000, 000	$59, 294, 000
2. Amount for assistance payments:			
Total	$138, 083, 900	$149, 000, 000	$167, 787, 000
Federal share:			
Amount	$48, 519, 600	$50, 600, 000	$52, 644, 000
Percent	35.1	34.0	31.4
3. Amount for administration:			
Total	$13, 314, 200	$12, 800, 000	$13, 300, 000
Federal share	$6, 637, 000	$6, 400, 000	$6, 650, 000
4. Average monthly number of recipients:			
Families	254, 200	271, 500	271, 500
Children	640, 700	676, 000	676, 000
5. Average monthly payments:			
Per family	$45. 27	$45. 75	$51. 50
Per child	$17. 96	$18. 37	$20. 68

[1] Actual.

TABLE 2c.—*Aid to the blind: Estimates of total expenditures for assistance payments and administration and the Federal share thereof, fiscal years 1945 and 1946*

	Fiscal year 1945 [1]	Fiscal year 1946	
		Estimate supporting regular appropriation	Revised estimate
1. Amount for assistance and administration:			
Total	$21,729,200	$23,264,000	$22,803,000
Federal share	$10,304,900	$11,000,000	$10,706,000
2. Amount for assistance payments:			
Total	$19,802,100	$21,064,000	$20,903,000
Federal share:			
Amount	$9,349,900	$9,900,000	$9,756,000
Percent	47.2	47.0	46.7
3. Amount for administration:			
Total	$1,927,100	$2,200,000	$1,900,000
Federal share	$955,000	$1,100,000	$950,000
4. Average monthly number of recipients	56,200	57,500	55,300
5. Average monthly payment	$29.36	$30.50	$31.50

[1] Actual.

Mr. TABER. The Federal Government does not have to match unless the State meets its obligations.

Mr. MITCHELL. No, sir.

ADMINISTRATIVE EXPENSES

Mr. TABER. The thing that bothers me about this picture is the size of the administrative expenses. You seem to have them high on the old-age item with a limitation of 5 percent of Federal contribution, but it is a very large item.

With rather a reduction in the number of recipients, the cost continually goes up in the States.

It looks as if the cost is excessive, because a lot of these people getting on the roll do not require too much attention from their people. They are in a condition where they cannot possibly improve from a financial standpoint because of their aged condition, and it would seem as if we ought to get to a point where that was stabilizing more.

Mr. MITCHELL. May I point out that the 5 percent addendum in the aged program may be used for either benefits or for administrative expenses. The law requires the Social Security Board automatically to add 5 percent to the grant for administrative expenses, and when received by the States it may be used either for grants or for administration. Of course, the Board does have something to do with the administrative expenses of the States and is constantly working with the States to assure an economical and efficient administration.

In the final analysis the program is administered by the States, and by and large, I believe our information is to the effect that they are doing a good job and gradually improving.

In the dependent children and blind program the Board matches 50 percent of the administrative expenditures by States. The difference between these two and the old-age program was, I believe, the result of a legislative mistake when the amendments were made to the Social Security Act in 1939.

Miss HOEY. In connection with the aged, the case load is getting much older. The average age now is about 75.

One of the great problems is to get medical care or nursing care for the aged people, and a great deal of effort and time is spent on that. The medical need of the aged people is now required to be given a great deal of attention. The average administrative cost for the United States is only 5.7 for the aged, about 10 percent of the case load goes off each year and a new case load comes on.

Mr. TABER. Is this reduction in the number of blind a reduction resulting from a reduction in the actual number of blind people in the country, or is it because of some difference with reference to employment, or something of that sort?

Miss HOEY. Some blind people during the war did get employment, but the case load is now going up because they will be the first ones laid off.

Mr. LUDLOW. I do not know whether I quite understood you. You have set up here 5 percent of the addendum as the Federal share of administrative expenses for the aged?

Mr. MITCHELL. Yes, sir.

Mr. LUDLOW. Is that simply a rule of thumb?

Mr. MITCHELL. It is provided for in the act.

Mr. LUDLOW. You set that up for administrative expenses?

Mr. MITCHELL. Yes; and the grant is calculated automatically at 5 percent; that is, 5 percent of the grant.

Mr. LUDLOW. Is that a little more than is necessary to cover administrative expenses?

Mr. MITCHELL. In some States it is more than adequate, while in other States it is not adequate. There is a very considerable difference in the proportion of grants that go for administration. In the old-age program the range is from 13.7 percent in one State to 2.5 percent in another State.

Mr. LUDLOW. I do not know how it could be done, but it seems to me that when more is set aside for administrative expenses than is necessary there should be a continuous adjustment that would enable the expenditures to more nearly conform to the actual economic basis.

Mr. MITCHELL. It seems to me that a partial solution is found in the fact that these funds may be spent either for benefits or for administrative expenses.

Mr. LUDLOW. You say it is optional whether it may be spent for administrative expenses or grants. Do they utilize part of that for the payment of grants?

Miss HOEY. Yes, sir; where the average grants are high the administrative expense is low.

MONDAY, MARCH 4, 1946.

POST OFFICE DEPARTMENT

FOREIGN MAIL TRANSPORTATION

STATEMENTS OF VINCENT B. WATERS, ASSISTANT DIRECTOR, DIVISION OF INTERNATIONAL POSTAL SERVICE; C. PETERSEN, DIVISION OF INTERNATIONAL POSTAL SERVICE; JAMES A. FAITHFUL, SPECIAL ADMINISTRATIVE AIDE, OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL; AND JOHN C. WHITE, ASSISTANT COMMISSIONER OF THE BUDGET, POST OFFICE DEPARTMENT.

SUPPLEMENTAL ESTIMATE, 1946

Mr. LUDLOW. We have before us an estimate in House Document 427 for an additional amount of $2,844,000 for foreign mail transportation in the year 1946. Our regular appropriation in 1946 was $400,000; the estimate for 1947 was $5,000,000 and in the supply bill for 1947 the House of Representatives has allowed $4,000,000.

This has been a very much dislocated service during the war period, of course, and you are trying now to rehabilitate it and you come in with this estimate.

The War Shipping Administration has been carrying the foreign mail, has it?

SUGGESTED REDUCTION OF ESTIMATE

Mr. WATERS. Yes, sir; they have been carrying it free. Mr. Ludlow, I think right at the start we can drop off that $844,000. I was talking to the War Shipping Administration this morning——

Mr. LUDLOW. You think we can cut that to $2,000,000?

Mr. WATERS. To $2,000,000. This was based on the premise that the ships would go back in a body on March 1; but I was talking to them this morning and they said it will be a gradual operation. Some have been turned back, and it will be gradual on through, and there will still be quite a number of their boats running up to June 30. So I think we are safe in dropping off that $844,000, but I would like to have the door left open to come in on the third deficiency if we need it.

RESUMPTION OF PAYMENTS BY POST OFFICE DEPARTMENT

Mr. LUDLOW. Now, this deficiency is necessitated because of the added cost of the restoration of service interrupted during the war, or performed by War Shipping Administration during that period.

Have you a general statement you would like to make on the situation?

Mr. WATERS. The War Shipping, under its agreement with the Post Office Department, have since July 1, 1942, conveyed all mails on their vessels without charge to the Post Office Department. They are gradually now starting to turn those ships back to the operators and as soon as that is done then we have to pay the operators when

they go back to the private company. As I say, this was based on the premise they would all be turned back about March 1 and now it is going to be a more gradual process and we estimate that $2,000,000 probably will cover it.

SEVEN MONTHS' EXPENDITURES, FISCAL YEAR 1946

Here is what I would like to give for the record: This statement is what we have paid steamers of foreign registry up through January for conveying the mail. That amount of money is obligated to foreign steamers.

(The matter above referred to is as follows:)

Foreign mail transportation, 1946, and estimated obligations, July 1945 to January 1946

July	$31, 431. 55	December	$127, 923. 77
August	49, 957. 56	January	87, 862. 89
September	69, 252. 09		
October	85, 139. 11	Total	539, 188. 36
November	87, 621. 39		

CONDITION OF APPROPRIATION, 1946

Mr. LUDLOW. Now, this estimate is presented as an urgent item. What is the urgency of it? Are you about out of funds?

Mr. WATERS. We have exhausted our appropriation already. You will notice this statement I have just handed you shows obligations of $539,000, and our present appropriation is $400,000.

Mr. LUDLOW. Our advice was that the $400,000 appropriation became exhausted on February 21.

Mr. WATERS. I think Mr. Peterson can tell you about that.

Mr. PETERSON. When we started to draw this up, it looked like it would be about February 21; but then in the months of November and December, after the statements came in—which is always a considerable time after the end of the month—it showed a large quantity of mail had been sent by foreign boats because no American boats were available, which added some large items which we had not foreseen.

For instance, in December alone, we sent out over 22,000,000 pounds of parcel post, and the most of that, or a considerable part of it went on foreign boats for which we had to pay, and which we had not anticipated.

Mr. LUDLOW. Apparently you expect the service to cost for 4 months considerably more than the rate contemplated by the estimate of 1947—approximately $800,000 more per month. What is the explanation? That would be changed, of course, by the rescission of $844,000.

Mr. WATERS. Yes.

Mr. LUDLOW. But how will the amount compare then with the reduced amount of the rate in the fiscal year 1947—do you know?

SUGGESTED REDUCTION OF ESTIMATE

Mr. WATERS. I do not have the 1947 estimates with me, Mr. Ludlow. I think maybe, if you want to, and will still leave the door open for a third deficiency, that instead of cutting off just the $844,000, you can cut off $1,000,000 and make it $1,844,000.

Mr. LUDLOW. Make it $1,000,000 instead of——

Mr. WATERS. I said awhile ago to cut off $844,000. We can raise that to $1,000,000, I think.

Mr. LUDLOW. To an even million?

Mr. WATERS. To an even million. But we may have to come back to you in the third deficiency.

Mr. LUDLOW. How fast are these services being restored?

Mr. WATERS. I was talking with the War Shipping this morning and they say some of them have been turned back and it is just a gradual process of turning them back. I happen to know there was a big liner of the United States Lines, the *America*, that has been turned back to them and it is now at Newport News being reconditioned, and they expect to have that back in service in probably 6 weeks, I think—6 weeks to 2 months. And there is quite a number of them being turned back to the operators.

Mr. LUDLOW. You would consider $1,000,000 as the very maximum you could reduce it?

Mr. WATERS. I would think so. I would hate to take a chance on anything else. Or, if you want to even it, maybe you could take off that $44,000 and make it $1,800,000.

Mr. TABER. How about taking off the $800,000?

Mr. WATERS. I would be afraid, Mr. Taber.

Mr. TABER. But not very much afraid?

Mr. WATERS. As I say, if we can leave the door open for a third deficiency——

Mr. LUDLOW. I think the standing axiom is the doors to the deficiency committee are always open; at any rate, they are reasonable.

Mr. TABER. You see, your January figure was below your December figure.

Mr. WATERS. January is foreign-registered ships and that means there was more mail hauled by War Shipping boats in January than there was in foreign ships. But you take Norway; there is a lot of mail going to Norway and that mail is shipped exclusively in Norwegian ships. There are no War Shipping Administration vessels running to Norway.

Mr. LUDLOW. To what other countries during the emergency was postal service cut entirely off?

Mr. WATERS. Practically to all of Europe excepting the British Isles.

Mr. LUDLOW. And to what extent is it being restored?

Mr. WATERS. It is restored now to all countries except Germany. I guess Germany is the only one now that has no service at all.

Mr. PETERSON. Yes, sir.

Mr. LUDLOW. In the Pacific, was the situation the same?

Mr. WATERS. In the Pacific the situation was the same; yes.

Mr. LUDLOW. Is mail being restored to Japan?

Mr. WATERS. No; there is no word from the Army on Japan at all. We have restored the service to the Philippines and we are restoring it to the Netherlands Indies and those various isles through there.

RATES OF PAY TO CARRIERS

Mr. LUDLOW. Now, the estimate before us, at page 57 of the bill, contemplated a rate of $63.20 per ton during the fiscal year 1946. What has been the per ton rate heretofore?

Mr. WATERS. It is the same thing.

Mr. LUDLOW. Can you supply the ton rates from 1939 down to date for the record?

Mr. WATERS. The rate was the same. That per ton rate was based on the poundage rate, and the poundage rates have not changed.

Mr. LUDLOW. That rate has been in existence how long, would you say?

Mr. WATERS. Since 1936.

REESTABLISHMENT OF SEA POST SERVICE

Mr. LUDLOW. In regard to the reestablishment of the sea post service entailing the need to open headquarters at New York, how large a force is planned for the headquarters and how does that number compare with the number formerly maintained?

Mr. WATERS. It will be the same number. It will be an assistant director, a chief clerk, and a clerk-stenographer.

Mr. LUDLOW. That is the total force?

Mr. WATERS. That is the total force.

RESUMPTION OF POSTAL SERVICE WITH FOREIGN COUNTRIES

Mr. LUDLOW. Now, in your efforts to rehabilitate foreign mail, are you getting the cooperation you should from the countries on the other side?

Mr. WATERS. Oh; very much so. They are as anxious as we are; but they can only restore it as they can handle it. You see, the most of their ships that were available had either been dismantled or badly damaged, and it is only as they can rehabilitate them that they can handle it. That is the limitation. And in restoring the parcel post to Europe, we are limited to 11 pounds, where formerly heavier parcels could be sent.

Mr. TABER. Really, you are not running much more in February than you did in January, are you?

Mr. WATERS. No; I do not think so, Mr. Taber.

Mr. TABER. And you won't run too much more in March?

Mr. WATERS. Well, to those countries it is hard to tell. For instance, we had one ship that went out on December 1 to Italy that carried the largest amount of mail ever dispatched from this country.

Mr. TABER. But that was a build-up.

Mr. WATERS. It was an accumulation; yes.

Mr. TABER. I mean it was stuff that had piled up and was not something that had come quite suddenly.

Mr. WATERS. It had been held, or we had not been able to take it and it was left over from different sailings.

Mr. TABER. And it was package stuff?

Mr. WATERS. It was practically all parcels.

Mr. TABER. And not letters?

Mr. WATERS. It was package mail.

Mr. TABER. You won't get so much of that from now on?

Mr. WATERS. Yes; I think the parcels will continue.

Mr. TABER. You do?

Mr. WATERS. You see, these relatives over here are all trying to feed Europe and, of course, the more they send takes that much weight off UNRRA as to what their expenditures will be.

Mr. TABER. Well, when they send it, it gets to them, and I do not know whether it does or not when UNRRA takes it.

Mr. WATERS. We have a good many complaints about the delivery of parcels, but I think the slowness in delivery is simply due to the slowness in handling it.

Mr. TABER. At the other end?

Mr. WATERS. At the destinations; yes.

ESTIMATED OBLIGATIONS, 1946

Mr. TABER. If you had $1,200,000, you would have plenty of money, would you not?

Mr. WATERS. I rather doubt it.

Mr. TABER. It kind of looks that way, does it not? When you get through February, it will be about $600,000 and that would leave you $600,000, or $150,000 a month for the last 4 months.

Mr. WATERS. It depends on how fast War Shipping turns the boats back.

Mr. TABER. Yes; but they are not turned back yet.

Mr. WATERS. Some of them are turned back.

Mr. TABER. A little.

Mr. WATERS. A little; yes.

Mr. TABER. But just a little. And $150,000 a month would be double what you have been spending the most of the time.

Mr. WATERS. Of course, what we have been spending there was to foreign ships exclusively.

Mr. TABER. I understand. I think that is all.

Mr. LUDLOW. When War Shipping Administration gives up, of course, you will have to enter into contracts with private companies for handling it?

Mr. WATERS. No; the most of that will not be done on contract except just an implied contract by taking it.

Mr. LUDLOW. I say when they give it up, you will have to pay for it.

Mr. WATERS. The payments will then begin.

Mr. LUDLOW. How soon after that transition will you have to make payments? You see, the end of the fiscal year is not very far off. Would that come in this fiscal year?

Mr. WATERS. Oh, yes. It depends on when the obligation is incurred. If the service is performed in this fiscal year, then it will be paid out of this fiscal year regardless of when it is paid.

Mr. LUDLOW. It will be paid out of the appropriation——

Mr. WATERS. Out of the appropriation for the fiscal year.

Mr. LUDLOW. If the service is performed within the fiscal year, then the obligation is chargeable to the 1946 appropriation?

Mr. WATERS. That is right.

ESTIMATED OBLIGATIONS, 1947

Mr. LUDLOW. Now, we have appropriated $4,000,000 for 1947. As you visualize it now, is that going to be sufficient?

Mr. WATERS. I do not think it will. But we will know better along next December, and there will be plenty of time to come in for a deficiency. That was what we thought. That is the reason we did not say anything when you cut off a million—just like the reason you

give in your report, that we would have much better information next December than we have now.

Mr. LUDLOW. That seems to be very sound reasoning, does it not?

Mr. WATERS. Yes.

Mr. LUDLOW. I believe, unless you have something more to say to us, we are through.

Mr. WATERS. That is all.

Mr. LUDLOW. Thank you for coming up.

MONDAY, MARCH 4, 1946.

WAR DEPARTMENT

CORPS OF ENGINEERS

STATEMENTS OF COL. A. T. W. MOORE; COL. J. P. LACROIX; R. L. BUMGARNER, CORPS OF ENGINEERS; AND COL. R. S. MOORE, ASSISTANT TO THE BUDGET OFFICER FOR THE WAR DEPARTMENT

RIVERS AND HARBORS AND FLOOD CONTROL

CANCELLATION OF LIMITATION ON PERSONAL SERVICE IN OFFICE OF CHIEF OF ENGINEERS

Mr. LUDLOW. Gentlemen, we have before us a proposal found in House Document No. 426 to cancel the existing limitation on the amount of river-and-harbor and flood-control funds which might be used for personal services in the Office of the Chief of Engineers. The limitation is fixed at $662,000.

Colonel Moore, why are you asking that you be given a free rein there?

Col. A. T. W. MOORE. The limitation is redundant, inasmuch as Public Law 106 now imposes upon the Bureau of the Budget the responsibility for a quarterly check on the number of employees in the Department.

Mr. WIGGLESWORTH. This calls for a report to Congress, does it not?

Col. A. T. W. MOORE. Yes, sir.

Mr. TABER. That is the part you want repealed?

Col. A. T. W. MOORE. Both parts; that it shall not exceed a certain amount of money, and the report to Congress.

Mr. TABER. You do not want to report?

Col. A. T. W. MOORE. We now report to the Bureau of the Budget quarterly, who, in turn, must report to Congress under Public Law 106 in addition to the data required by law to be included in the Budget.

Mr. WIGGLESWORTH. The Budget does not report quarterly to Congress on it, does it?

Col. A. T. W. MOORE. Yes, sir. Under Public Law 106, the Budget must report quarterley to Congress if the number of people employed in any Bureau exceeds the number authorized.

Colonel LACROIX. I do not believe that does do away with the report to Congress. Is not that covered by law?

Mr. TABER. It is.

Col. A. T. W. MOORE. It is also covered by requirements of the Budget.

Mr. LUDLOW. Is the main purpose here to repeal the dollar limitation or to repeal reporting to Congress?

Col. A. T. W. MOORE. The main thing is the money limitation.

Mr. LUDLOW. You are not so opposed to reporting to Congress?

Col. A. T. W. MOORE. No, sir; we are not so opposed to that.

Mr. LUDLOW. What is the objection to reporting to Congress?

Col. R. S. MOORE. Let me answer that question. There is a requirement with respect to all employees that the number be reported to the Congress, and the number is reported and enumerated specifically by grade and salaries each year in the annual Budget.

Mr. TABER. Now, this is very much an unusual situation and the subcommittee must have had some reason. There is no member of the subcommittee sitting here with us today, but the subcommittee must have had some reason for putting this language in. And, under the circumstances, I would want to know, in more than just general terms, why the language should come out.

Col. R. S. MOORE. We made, Mr. Taber, the same presentation to the War Subcommittee for the fiscal year 1947 that we wish to make to this committee today with respect to the continuation of the provision for the fiscal year 1946. In H. R. 5400, making appropriations for the civil functions of the War Department for the fiscal year 1947, after careful consideration, the subcommittee deleted the same words that we request to be deleted now. It was so passed only recently by the House.

Mr. TABER. What was the reason they put it in to start with? The limitation is more or less nominal, but the reporting is a little more than nominal. What was the reason they put it in to start with?

Col. R. S. MOORE. Whatever the reason was, it was a duplication of a more general provision, which we comply with, with respect to all appropriations.

Mr. TABER. That is, as to reporting to the Budget; but this is for a special report to the Congress with reference to this item. Now, there must have been a situation that called for that report. And that should be called to our attention now, because that is language that is not generally carried.

Col. R. S. MOORE. The language, Mr. Taber, as it stood, was "shall each year in the Budget report to Congress."

Mr. TABER. I understand.

Col. R. S. MOORE. And I am merely stating, Mr. Taber, that we must do that under another provision of law.

Mr. TABER. You have to report it to the Budget, but the Budget does not have to report it to us. All they do there is to report the number of man-years and the average rate of pay of each classified position. That is all that comes up in the Budget report to Congress.

Now, this goes a good deal further than that and asks for the number of persons so employed, their duties, and the amount paid to each.

Col. R. S. MOORE. And we do that and have for 3 years under the requirement in 10 U. S. C. 187.

Mr. WIGGLESWORTH. You do not do it quarterly.

Col. R. S. MOORE. No.

Colonel LACROIX. We make it annually.

Col. R. S. MOORE. This requirement does not say anything about quarterly.

Mr. TABER. It looks to me like there must have been some reason or the committee would never have carried that language.

Colonel LACROIX. This House document says:

> The latter part of the proviso is also not necessary since basic law (10 U. S. C. 187) requires reports on personnel to be made annually by the Secretary of War in the Budget.

Mr. LUDLOW. Even though it is a duplication, what is the objection to it? You have had this information, according to your thought, compiled by the Budget; why not let this stand? What is the objection?

Col. R. S. MOORE. We have no objection whatsoever. We merely pointed out there was a provision carried annually in the appropriation bill which might well be deleted on the basis it was covered by basic law.

Now, might I say one word about the limitation of $662,000?

Mr. LUDLOW. You mean the dollar limitation?

Col. R. S. MOORE. The dollar limitation. That was a limitation that was put in the annual act last year before the war had terminated. Since that time, the Congress has appropriated an additional amount for rivers and harbors and flood control and has augmented the program to the extent of about $125,000,000. That money has been appropriated. There was no provision made for augmenting the personnel in the Office of Chief of Engineers at the seat of government required to carry on this augmented program.

In addition to that, Public Law 106 requires the payment of overtime and an increase in the salaries of the personnel concerned. It is necessary, even though you had the same number of personnel, to pay an additional amount, as all of the other Departments must do to cover the additional amounts required to be paid by Public Law 106.

The War Department does not wish any additional funds to pay that, since we wish to absorb it; but we cannot pay the additional overtime and the additional salary rates in the face of this limitation. So we wish to have the limitation removed.

Now, getting to the matter of reporting to Congress in a quarterly report: In view of the quarterly report which the Bureau of the Budget must make, we considered that the Congress was sufficiently protected to remove this limitation and rely upon the scrutiny of the Bureau of the Budget quarterly to keep the numbers within proper limitations.

Mr. TABER. You see, the Bureau of the Budget has been violating the law for several years and reporting those things to us in man-years and it has not been giving us the picture of the number of individuals and the duties of those employees and the salaries, and it has created a rather serious situation. If the Bureau of the Budget complied with the law and gave us the information that the Budget law requires them to give, we would have one picture; but we do not have it. That is why I would not be in favor of repealing this.

Mr. LUDLOW. Colonel, I think you might address yourself to the dollar limitation there. I think the committee is pretty well of a mind on this particular proposition.

How many people are you employing out of these allotted funds now?

Col. R. S. MOORE. Colonel Moore from the Office of the Chief of Engineers will make the statement on that matter.

Mr. LUDLOW. How many are you employing now?

Col. A. T. W. MOORE. Right now, we are employing 269. The existing limitation was based on an average employment of 251 man-years. Our present strength is equivalent to 265 man-years.

Mr. LUDLOW. What is the annual salary obligation, total?

Col. A. T. W. MOORE. The total salary estimated for 1 years is $829,302, because of the increase required by Public Law 106 for overtime, night differentials, and automatic increases in pay, and the increase in the number of people employed.

Mr. LUDLOW. That is, on the basis of your present force; including those obligations under Public Law 106, the total amount would be what?

Col. A. T. W. MOORE. Let us put it this way: We are employing 269 now. We have increased the annual average to 265 in order to get the work completed. This will cost $832,344.

Mr. LUDLOW. If that is all that would be absolutely necessary, why should the limitation be entirely removed? Why not fix a new limitation which would put you in the clear?

Col. A. T. W. MOORE. The reason we are asking for the limitation to be removed is because it is based on estimates and if the situation should change, then, of course, we would have to come back again for additional money.

In addition, we want to employ 24 additional people above the average of 265 for this year. That will require another $38,821. None of those appointments, however, can be made unless the Bureau of the Budget approves them.

Mr. LUDLOW. Could you give us a figure there which you think would meet your requirements and still be a limitation?

Col. A. T. W. MOORE. Yes; we have that figure.

Mr. LUDLOW. What is that figure?

Col. A. T. W. MOORE. $871,165.

Mr. TABER. Now, you told us the 265 that you wanted to get to would only cost $832,000. How on earth would you want $871,000 to take care of the 24?

Col. A. T. W. MOORE. The reply: $832,344 was in answer to the question how many are we employing now and how much money would we need to employ them.

Mr. TABER. Oh, no; your $829,000 was in answer to that, and you told us you wanted 265 and they would cost $832,344.

Col. A. T. W. MOORE. Then I must have misstated. The $829,302 is the basic salary for one year for an average of 265 man-years.

Mr. TABER. For the 265?

Col. A. T. W. MOORE. Yes, sir; plus $3,042 for within-grade promotions that people will earn between February and June.

Mr. TABER. Then why do you need more than $832,000 to pay the 265 on the roll?

Col. A. T. W. MOORE. $832,344 will pay for our average employment of 265 now on the rolls but our requirements are for 24 additional people between now and the end of the year, whose salaries between now and the end of the year would be $38,821.

Mr. LUDLOW. Why do you need those 24 additional?

Col. A. T. W. MOORE. Because of the increased work of the rivers and harbors and flood control projects. In other words, we are planning suspended flood control, river and harbor, and new projects; also advanced planning for the construction, maintenance, and operation of public park and recreational facilities on reservoir areas under the control of the War Department as authorized in section 5 of Public Law 534.

Mr. LUDLOW. I think you ought to make clear to us just what programs you have in mind, tentative or otherwise, up to the end of June.

Col. A. T. W. MOORE. You mean the number of people?

Mr. LUDLOW. I mean your programs—what they will do.

Is this work you speak of in conformance with statutes that have been passed by Congress?

Col. A. T. W. MOORE. Yes, sir.

Mr. LUDLOW. Or is it a program you are initiating, or what is it?

Col. A. T. W. MOORE. The program was authorized by Congress in the Flood Control Act of December 22, 1944, the River and Harbor Act of March 2, 1945, and the planning for construction, maintenance, and operation of public parks and recreational facilities in reservoir areas under section 4 of Public Law 534 of 1944.

Mr. LUDLOW. When do you plan to begin the employment of additional persons?

Col. A. T. W. MOORE. We would like to start taking them on immediately.

Mr. LUDLOW. You have for this year this limitation of $662,000, exclusive of pay-law costs, for handling work under appropriations totaling $248,882,600. In 1940 you managed with $585,680 when the appropriation total was $277,800,000. That would seem to suggest that the $662,000 exclusive of pay-law costs will come pretty close to meeting your requirements. You do not think so?

Col. A. T. W. MOORE. No, sir. The way our costs are going now, we know it won't meet it.

Mr. LUDLOW. The 1947 civil functions bill as it passed the House imposes no limitation at all, as I understand it. Did you supply to the subcommittee an approximation in connection with the measure of the amount that would be required?

Col. A. T. W. MOORE. Yes, sir.

Mr. LUDLOW. What was that amount?

Colonel LACROIX. It was $960,000.

Mr. LUDLOW. Therefore, if this limitation were dropped out for the fiscal year 1946, it would conform to the 1947 bill as it has already passed the House?

Col. A. T. W. MOORE. Yes, sir.

Mr. LUDLOW. What is your set-up for the pay law cost of your 250 employees?

Col. A. W. T. MOORE. $172,700.

Mr. LUDLOW. That is for the 250; what would it be for the augmented force?

Col. A. W. T. MOORE. And for the augmented force we will need an additional $36,465 above the $172,700.

Mr. LUDLOW. You spoke of an item awhile ago, I have forgotten whether automatic promotions or reallocations.

Col. A. W. T. MOORE. Within-grade promotions; yes, sir.

Mr. LUDLOW. Within-grade promotions of how much?

Col. A. W. T. MOORE. That was $3,042, included in the $172,700.

Mr. LUDLOW. And covering how many promotions?

Col. A. T. W. MOORE. The exact number of people involved in that I would have to supply for the record.

Mr. LUDLOW. Suppose you put that in the record.

Col. A. T. W. MOORE. Yes, sir.

(The information follows:)

Eighty within-grade promotions between February 1, 1946 and June 30, 1946, will cost $3,042.

Mr. O'NEAL. Colonel, what was the reason for including this provision when it was put in the appropriation bill originally?

Col. A. T. W. MOORE. It has been a provision of many years standing, and what the original purpose was I do not know.

Col. R. S. MOORE. Ordinarily there is a prohibition against using appropriated funds other than departmental salaries for the employment of persons at the seat of government, and this provision was put in as specific authorization for the Office of Chief of Engineers to employ at the seat of government such employees as were necessary in connection with River and Harbor activities.

Mr. O'NEAL. Do you recall, Colonel, what occasioned that action to be taken? What was the criticism of it—that they were being overloaded here?

Col. R. S. MOORE. It was routine procedure to authorize the employment and, in connection with the authorization, imposed the specific monetary limitation.

Mr. O'NEAL. I was speaking of the purpose of the limitation being carried in this appropriation and why the change now? Why is it different now from what it was in the past, and what is the reason for the change now?

Col. R. S. MOORE. It is contemplated in connection with the removal of the monetary limitation that the Congress will rely upon the quarterly report from the Bureau of the Budget, since a study is made quarterly to limit the number of employees to only those who are actually required in connection with the work.

(After discussion off the record:)

Mr. O'NEAL. You consider, then, that this limitation is a serious menace to the proper conduct of this part of your work?

Col. R. S. MOORE. Absolutely, sir.

Mr. LUDLOW. You are not asking for an additional appropriation; you are only asking for an increase in the limitation?

Col. R. S. MOORE. Yes, sir.

Mr. LUDLOW. Where are you going to get the money to meet the increase?

Col. R. S. MOORE. We have sufficient funds appropriated by the river and harbor and flood control acts, including the $125,000,000 for the new projects, to absorb all of the costs resulting from the removal of this limitation.

Mr. LUDLOW. And that is available for this particular purpose?

Col. R. S. MOORE. It is.

Mr. TABER. How much money has been spent out of this appropriation down, say, to the 1st of March, can you tell me?

Col. A. T. W. MOORE. No, sir. I can give it to you to the 26th of January, which was the last pay period in January.

Mr. TABER. All right.

Col. A. T. W. MOORE. At that time there had been spent $478,812.

Mr. TABER. How many people did you have on July 1?

Col. A. T. W. Moore. On July 1 we had 244 people.

Mr. TABER. So that you have increased your force just six so far?

Col. A. T. W. MOORE. I did not make myself clear. Up to the 26th of January we had an average of 250 employees. Actually at the end of January we had 264 bodies.

Mr. TABER. You had 264 at the end of January?

Col. A. T. W. MOORE. Yes, sir.

Mr. TABER. Do you have more now?

Col. A. T. W. MOORE. Yes. In February we had 269.

Mr. TABER. February, what date?

Col. A. T. W. MOORE. For the pay roll for the month of February.

Mr. WIGGLESWORTH. I notice, Colonel, in this budget document over Mr. Appleby's signature, the statement, "Under existing conditions it is difficult to determine the exact needs." Therefore it is recommended that the limitation be eliminated. Why should not you determine your exact needs before the Budget and justify them, and then come up here and tell us what you want?

Col. A. T. W. MOORE. For instance, the limitation in the present bill was made when the war was still under way and when civil works were more or less in a stand-by condition.

Mr. WIGGLESWORTH. Yes; but why not pursue the normal procedure of determining for yourself exactly what your needs are, justify them to the Budget in the budget estimate, and come up here and justify them to us, instead of coming up here and saying "We do not know what we need, and take the ceiling off and let us go as far as later we decide we want to go."

Col. A. T. W. MOORE. Every quarter we have to go before the Bureau of the Budget and defend the number of people we want to employ during the next quarter, and we are required to justify the numbers we need from quarter to quarter. The Budget, in turn, reports to you the number of people they have authorized.

Mr. WIGGLESWORTH. You still do not answer my question.

Col. A. T. W. MOORE. For the reason it is just an additional requirement. It was felt that a monetary limitation would not be necessary because of the restrictions imposed by section 607 of Public Law 106, approved June 30, 1945.

Mr. WIGGLESWORTH. It is just what every agency of the Government has to do in normal course. That is all, Mr. Chairman.

Mr. LUDLOW. Colonel, I would like a little clarification of this: Why, in 1940, when you had a so much larger appropriation, you got along with a limitation of $585,680 and now, with a lesser appropriation, you ask to raise the limitation beyond $662,000?

Col. A. T. W. MOORE. Some of the requirements of recent acts require more planning, more engineers in our home office than we have had before, and the planning force has had to be increased. Also, the diversity of the work has changed. For instance, the use of reservoirs for recreational purposes calls for additional people.

Mr. LUDLOW. To meet your requirements, you have to have a highly specialized personnel. Can you get these 24 persons that you anticipate?

Col. A. T. W. MOORE. Yes, sir; we expect to be able to get them.

Mr. LUDLOW. Unless you have something further, I think that is all, gentlemen. Thank you.

MONDAY, MARCH 4, 1946.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATEMENTS OF E. W. LOVERIDGE, ASSISTANT CHIEF; C. M. GRANGER, ASSISTANT CHIEF; P. A. THOMPSON, CHIEF, DIVISION OF FIRE CONTROL; HENRY WOLD, BUDGET OFFICER; PAUL WILSON, ACTING CHIEF, DIVISION OF ESTIMATES AND ALLOTMENTS, OFFICE OF BUDGET AND FINANCE, DEPARTMENT OF AGRICULTURE

FIGHTING FOREST FIRES

Mr. LUDLOW. Mr. Loveridge, we have before us an estimate in House Document 439 for $3,483,000 for fighting forest fires in the year 1946. There has been appropriated $100,000 for this purpose. I think that is in conformity with our policy to make a token appropriation at the beginning of the fiscal year, and then you come before us for a deficiency covering the actual requirements. That is the philosophy we have followed heretofore.

Mr. LOVERIDGE. Yes, sir.

GENERAL STATEMENT

Mr. LUDLOW. Can you give us a general statement of this item?

Mr. LOVERIDGE. As you know, weather conditions control the severity of our fire-fighting program from year to year, but since we are unable to forecast what the weather will be in advance, we are also unable to forecast in advance the amount of funds needed in the appropriation for the fighting of forest fires.

For that reason the appropriation bill, and the item for fighting forest fires has always carried the nominal sum of $100,000 for that purpose, and that amount has been supplemented by the sum that is actually required by the Forest Service for that purpose. This amount is to cover the expenditures already made and the amount needed for the balance of the fiscal year, and to reimburse the general expenses appropriation. That is the purpose of the estimate.

The expenditures for the first 6 months of the fiscal year have amounted to $3,042,146. The estimated obligations from January 1 to June 30, 1946, for fire suppression and prevention amount to $540,854. That makes the total fire-fighting and prevention requirements from July 1, 1945, to June 30, 1946, $3,583,000. But since $100,000 has been provided for in the regular appropriation bill, this means a total supplemental appropriation of $3,483,000.

The mimeographed statement we have furnished to members of the committee covers the situation during the 1946 fire-fighting season.

Mr. LUDLOW. I understood you to say that the additional amount required is $5,583,000, whereas the estimate before us is for $3,483,000.

Mr. LOVERIDGE. That is incorrect; we have a statement here from the Bureau of the Budget.

Mr. LUDLOW. You want at this time $3,483,000?

Mr. LOVERIDGE. Yes, sir.

EXPENDITURES, 1940–45

Mr. LUDLOW. Will you tell us how much has been spent on this activity for the fiscal years beginning in 1940 and running up to date?

Mr. LOVERIDGE. I have a statement here of the expenditures in previous years.

Mr. LUDLOW. Have you the statements for 1943, 1944, and 1945?

Mr. LOVERIDGE. The expenditures in 1943, 1944, and 1945 averaged something over $2,000,000. I do not have the exact figures with me, but we can supply those for the record.

Mr. LUDLOW. They were not much over $2,000,000?

Mr. LOVERIDGE. No, sir; they were not much over 2,000,000.

(The statement above referred to is as follows:)

Fiscal year:		Fiscal year—Continued.	
1940	$3, 744, 098	1943	$1, 719, 791
1941	3, 398, 697	1944	1, 510, 646
1942	2, 196, 456	1945	1, 975, 979

NEED FOR ADDITIONAL FUNDS, 1946

Mr. LUDLOW. Why is it deemed necessary to appropriate $3,483,000 at this time?

Mr. LOVERIDGE. This is the first very severe fire-fighting season we have had since 1941. In that year our deficiency was $3,480,000, and the year before it amounted to $3,550,000, and at that time we had a large number of CCC workers.

This is the first year in which the expenditures have been similar to the 1941 season. During the years since 1941 the expenditures have been governed by more favorable weather conditions.

Mr. LUDLOW. Can you tell us where your forest fires have been?

Mr. LOVERIDGE. I can insert in the record a statement about that in more detail.

Mr. LUDLOW. You might give us a brief statement about them and then insert the complete statement in the record.

(The information is as follows:)

PURPOSE OF THIS SUPPLEMENTAL ESTIMATE

The purpose of this estimate is to reimburse other subappropriations of the major appropriation "Salaries and expenses, Forest Service," in the amounts which were borrowed from them for fighting forest fires during the 6-month period July 1, 1945, to December 31, 1945, and to provide a fund for emergency fire-fighting expenses during the last 6 months of the fiscal year. This arrangement for paying emergency forest fire-fighting expenditures has been followed for 30 years, and is the only practicable method of financing this unpredictable activity.

The following tabulations and narrative statements give detailed information on forest fire-fighting obligations and estimates pertaining to national forests in the fiscal year 1946:

Justification for supplemental estimate of $3,483,000, fiscal year 1946, for fighting forest fires

Obligations July 1 to Dec. 31, 1945, for fire suppression and prevention	$3,042,146
Estimated obligations Jan. 1 to June 30, 1946, for fire suppression and prevention	540,854
Total fire-fighting and prevention requirements for period July 1, 1945, to June 30, 1946, are estimated at	3,583,000
Less amount available from 1946 appropriation for fighting forest fires	100,000
Total deficiency	3,483,000

The sum of $540,854 listed as necessary for fire fighting and prevention on the national forests during the period January 1 to June 30, 1946, is equivalent to the average amount obligated in the four most severe spring seasons in recent years after making a 25-percent allowance for overtime pay. The allowance of 25 percent is based on actual experience in the first half of the fiscal year 1946 the only period available.

THE 1945 FIRE SEASON

Control of forest fires in the summer of 1945 required more effort and expenditure than in any of the preceding war years. The accomplishment in terms of area burned is generally favorable but the cost of that accomplishment increased a great deal. The total expenditure in protecting national forest lands country-wide sums up a rather complex combination of factors that influence the success and cost of this activity. Prevailing weather conditions during the summer fire season in the more critical forest regions is the most important single factor in determining the size of the fire fighting job, but the total dollars spent reflects very strongly the many wartime and postwar changes that have now greatly increased the cost of such work.

Detailed reports from each of the 10 national forest regions covering their fire fighting activities and the obligations that resulted show wide variations in weather conditions during the forest-fire season and in the prevalence of critical conditions. In the regions east of the Mississippi and in the Rocky Mountain States east of the Continental Divide a late spring and frequent summer rains resulted in a generally favorable condition so that the fire fighting organizations were able to control all fires at small loss. Farther west in western Montana, in Idaho, and in the three Pacific Coast States the spring season was slightly later than average and the emergency situations during which most of the fires and losses occurred were concentrated in rather short summer periods.

In California alone, a total of 1,329 lightning fires occurred and man-caused fires increased to 771. Most of the former resulted from five storm periods each of which resulted in a new epidemic of fires. The peak was in the first half of October at the time when lightning fires are usually infrequent. During this period 243 fires were started on the Klamath Forest alone. Earlier in the season 104 fires occurred on the same forest in the 4 days of July 8 to 12. In spite of these heavy concentrations of fires within periods of a few days nearly all were controlled at small size and none of the July fires mentioned exceeded 300 acres. For this region as a whole 15 percent of the man-caused fires reached a size of over 10 acres, while only 4.5 percent of the lightning fires exceeded this size when controlled.

In Washington and Oregon too there was a crop of about 1,200 lightning fires and a sharp increase in the number of man-caused fires. Very heavy losses occurred from large fires on State and privately owned land. The 100,000-acre fire on private lands fought by the State and timber protective associations near Tillamook, southwest of Portland, Oreg., was the major forest fire of the year in the United States. This fire did not spread to national-forest land and is not included in the statistics being reported for national forests. However, it did affect the national-forest situation a great deal because of its imminence and because of the labor and facilities which were committed to it during the critical part of the season. National-forest losses in both Washington and Oregon were less than 18,000 acres from a total of 1,461 fires which were fought in that territory. The worst fire conditions in this region were in late August.

In western Montana and northern Idaho about 900 lightning fires and 319 man-caused fires occurred. In this country also there was a sharp increase in man-caused fires, an indicator of flashy burning conditions. Though only about one-fourth of the total number, they burned more than three-fourths of the total area. Nearly all the dangerous fires of this total of over 1,200 were concentrated in a few critical periods in July and August. These periods placed a severe strain on all personnel and resources that could be used. Fortunately the fires in this general region were more widely distributed geographically. Several threatening disasters were averted by heroic measures and losses were held to a favorable level, though at increased cost.

The emergency demands made on the forest-fire organization in these regions called for strenuous effort under many difficulties. Scarcity of skilled manpower and low efficiency of labor available for fire fighting were prevalent everywhere. The inability to replace obsolete and worn-out equipment during the war years resulted in much lost time and in much less dependence on mechanical equipment at a time when shortage of labor placed a heavy premium on using it.

The traditional high morale and fighting spirit of the field man were the most important resources of all in overcoming difficulty and preventing disasters. Some new assets this year that have reinforced the field man and that have also contributed to the success of the undertaking were the introduction of new and more efficient methods and equipment in many localities, including a considerable expansion in the use of airplanes in fire fighting. Many of these new developments give much promise. The use of trained parachute fire fighters, otherwise known as smoke jumpers, was greatly expanded this season. The center of operation for these forces was in the northern region with headquarters at Missoula, Mont. The total of 185 carefully picked and highly trained men were used in these operations from the air. About an equal number of Army paratroopers were also trained and assigned especially to neutralize the threat of Japanese incendiary balloons which appeared in numbers in the early spring. They further reinforced this method of fire fighting.

Fighting fire from the air, and the rather exacting requirements to make a success of it, have now been thoroughly explored and it has become established as an economical and effective method, particularly in wild country which is difficult of access. Smoke jumpers were distributed at strategic points in Montana, Idaho, Washington, Oregon, and California, and produced an impressive record of accomplishment in each case. In Montana a large block of wild country was protected entirely from the air. On 156 fires smoke jumpers took the first effective action and on 15 other fires they quickly reinforced the few men who were available nearby. An analysis of results on the fires controlled by aerial methods there compared to the situation without them, indicating a saving in "FF funds" of at least $254,000 during the season's operation. In California the use of airplanes was also greatly expanded to move experienced fire supervisors quickly to areas where threatening fires had developed. In addition there was increased use of planes for delivering equipment and food supplies to fire fighters.

Military forces again gave splendid cooperation and made both manpower and other facilities available for emergency forest-fire work. This cooperation consisted of action as in the previous years to make military forces available to relieve the shortage of manpower when large fires created emergency situations. In addition a joint project was organized early in the season to insure against any possibility of disaster from the Japanese incendiary balloons that had begun to appear in numbers in the preceding winter and early spring in remote areas in the western forest regions. A total of 12 companies of ground troops, 200 paratroopers, and a quota of L–5 patrol planes and of C–47 troop carrying planes were originally assigned to this work. The project was continued until the close of the critical fire season in October. Fortunately the Japanese efforts proved futile. Reports from Japan indicate that some 10,000 balloons were released. Apparently only a fraction of this number reached this country. Forest Service records show a total of 298 locations where balloons or bombs were dealt with, including 123 cases where complete balloons equipped with incendiary and antipersonnel bombs were destroyed or dismantled. No forest fires of consequence resulted. This was due in part to the fact that meteorological conditions were favorable to the dissemination intended in the winter and spring months only, and few if any new incendiaries were distributed after the critical forest fire season became established. Through both these forms of cooperation a grand total of 50,840 man-days were spent by military forces in fighting forest fires on national-forest land and of 72,892 on other lands.

The costs of fire fighting this year cannot be compared directly to any similar past situation. During the period 1933–41 CCC forces were everywhere available

as the chief dependence for fighting. Since 1940 the 1945 season was the first of above-average severity. Fire-fighting wages which comprise 63 percent of the total in 1945 have increased from a prewar average rate of 35 cents per hour to prevailing local rates of 60 to 90 cents per hour. The Federal Employees Pay Act of July 1, 1945, which requires overtime pay for all nonscheduled hours spent in fire fighting has also greatly increased the cost of fire fighting. This provision when applied this year accounted for 38 percent of the total wages paid. These trends will result in a greatly increased total in future years over the average of the past.

LIVES LOST IN FIRES—1945

New Mexico: Richard V. Galt, assistant supervisor of Santa Fe, struck by lightning June 25, 1945, while planning attack on Cabollita fire.

California: Edward Gates, tractor operator, burned in brush fire on State land. Forest Service was assisting State to control this fire.

Oregon: A colored paratrooper who jumped on the Lemon Butte fire on the Umpqua Forest was killed in letting himself down from a tree. This man, with nine other paratroopers jumped from a C–47 Army airplane in a heavily timbered area. He landed in an exceptionally tall Douglas fir and in the process of letting himself down apparently lost his hold on the rope dropping approximately 100 feet onto boulders at the foot of the tree. Death was believed to be instantaneous.

Preliminary fire statistics, calendar year 1945

Region	Number and classification of fires								Area burned (acres) within national forests	Forest-fire obligations, July 1 to Dec. 31, 1945
	A (¼ acre or less)	B (0.26 to 9.9 acres)	C (10 to 99.9 acres)	D (100 to 299 acres)	E (300 acres or over)	Total	Lightning	Man-caused		
Northern Rocky Mountains	830	292	74	13	18	1,227	908	319	28,951	831,779
Rocky Mountains	232	57	10	1	2	302	173	129	950	21,400
Southeastern	1,013	405	63	3	10	1,494	1,213	281	11,168	46,528
Intermountain	274	81	26	10	11	402	277	125	31,887	196,348
California	1,481	443	105	33	38	2,100	1,329	771	64,234	1,245,557
Pacific Northwest	1,055	310	61	16	19	1,461	1,050	411	23,445	663,519
Northeastern	40	99	35	3	-------	177	15	162	1,817	4,757
Southern	186	1,013	583	82	31	1,895	138	1,757	58,553	18,533
Lake States	170	440	141	18	9	778	12	766	24,637	13,661
Alaska	6	7	2	-------	1	16	-------	16	694	64
Total	5,287	3,147	1,100	179	139	9,852	5,115	4,737	246,336	3,042,146
Estimated spring expenditures, national forests, Jan. 1 to June 30, 1946	-------	-------	-------	-------	-------	-------	-------	-------	-------	540,854
Total	-------	-------	-------	-------	-------	-------	-------	-------	-------	3,583,000

INCREASE IN FIRES

Mr. LOVERIDGE. Briefly, the fire season in the Rocky Mountains and east of the Rocky Mountains, was reasonably favorable last year, whereas west of the Rocky Mountains, in Idaho, Montana, Oregon, California, and Washington we had a very severe year, although it was rather spotty.

We had 243 lightning fires, for instance, in the Klamath Forest in a short period.

Fortunately there was a good deal of rain there at that time, but earlier in the same season, in the same forest, we had 104 fires in 4 days, from July 8 to July 12, but rain came along and helped us a good deal.

In Oregon and Idaho we had some extremely difficult fire weather, the fires occurring throughout the fire season. We got occasional

favorable breaks in the weather, otherwise our losses would have been much higher.

In California alone we had a total of 1,329 lightning fires, and in Washington and Oregon we had about 1,200 lightning fires. In western Montana and northern Idaho we had about 900 lightning fires. Those are the unpredictable type of fires which are so difficult to handle.

We have been fortunate this year in having considerable help from the Army in the form of paratroopers and their equipment.

USE OF SMOKE JUMPERS

I would like to have Mr. Thompson tell you about the use of the so-called smoke jumpers and the help we obtained from the Army by the use of those paratroopers.

Mr. THOMPSON. To begin with, the situation at the beginning of the last fire season was about as bad as it could be from a fire-fighting standpoint. There was no pick-up labor available. We either had to arrange to use crews working for lumber or other companies or make other arrangements. But those people were reluctant to release their crews on account of the war demand for products so we tried to get from the Army some assistance during the summer. They cooperated with us very well. There was a certain amount of fear as to what the Japanese balloons might do. The Army recognized the situation involved in that threat, and they were willing to cooperate with us, and they did cooperate.

They gave us 2,500 ground troops, and they were placed in various strategic places from southern California to Missoula, Mont. They furnished us 200 parachute troops and the necessary service personnel, and they cooperated by giving us the use of 32 reconnaissance planes and 11 other transport planes to handle the parachute troops and to carry supplies, and they worked very effectively all summer long.

Their parachute troops made 444 jumps to fires in the back country. The aircraft flew a total of 2,400 missions and put in 4,900 hours in the air. The transport planes carried over 200,000 tons of freight and supplies into the back country and parachuted it to the fire-fighting crews.

All of that helped, and while it was very effective and contributed a great deal to the work during the season, it was not cost-free.

We had to pay for a lot of transportation, and we fed the men while they were actually at fires. Also, we had to furnish an unusual lot of overhead to work with them.

We furnished a lot of fire-fighting equipment.

So we had that great amount of help but, as I said, it was not cost-free to the Forest Service.

We have made an estimate that the help the Army contributed amounted to about $363,000 for the flying assistance they gave us, plus $570,000 for the labor. It cost us, on an average, perhaps half that much. So there was a distinct and very large net gain there.

INCREASE IN FIRE-FIGHTING WAGES

Mr. LOVERIDGE. I would like to add one other point, Mr. Chairman, concerning the reason we had a higher cost this year. For one thing, we had a higher cost for fire-fighting wages. Back 3 or 4 years

ago we were paying 35 cents an hour for fire fighters. Now the rates are up to from 60 to 90 cents an hour.

Mr. LUDLOW. How much was that in this fiscal year over the amount for the fiscal year 1945?

Mr. LOVERIDGE. Not a great deal over 1945.

There is one other point, Mr. Chairman. The Federal Employees' Pay Act also required the payment of overtime for all nonscheduled hours spent, particularly in fire fighting. Previously we had been able to work any number of hours, but this year we must pay time and a half over 8 hours, as that is now required by law, and that equals about 38 percent of the total amount of labor charges, because our jobs run to around 12 to 14 hours per day.

STATUS OF FUNDS

Mr. LUDLOW. In the estimate before us there is an amount of $3,483,000, and all of that was obligated as of December 31, except $540,854.

Mr. LOVERIDGE. Yes, sir.

Mr. LUDLOW. How much of that balance has been obligated now?

Mr. LOVERIDGE. I do not have the precise figure before me, but I think it is a very small amount, perhaps $50,000 or $60,000.

Mr. LUDLOW. You have about half a million dollars unobligated to meet contingencies?

Mr. LOVERIDGE. We need it for the balance of the fiscal year.

Mr. LUDLOW. Is this a situation where you can forecast with any degree of accuracy what any of your obligations will be in the future?

Mr. LOVERIDGE. We just base our estimate on past history. Of course, the spring months are the easy months, and with the snow in the mountains and a rainy season, we do not now have a critical situation. The estimated budget would run out the year at the present wage rates.

Mr. LUDLOW. Your plan is to draw upon other appropriations, pending the receipt of a direct appropriation of an adequate amount. Are the other appropriations that are drawn upon in such condition as to require reimbursement?

Mr. LOVERIDGE. The salaries and expenses appropriation which we have used is getting so seriously depleted that we will be out of funds by April 15, unless this appropriation becomes available by that time. That is the appropriation we use for handling our timber sales and for paying our ranger force.

Mr. LUDLOW. You have broken down the $540,854 in the green sheets, and I notice you estimate increases all along the line. For instance, the amount for travel is $4,000. What is your explanation of that?

Mr. LOVERIDGE. That is for the travel of the regular personnel on their way to fires, strictly in connection with the fire-fighting job.

Mr. LUDLOW. How did you arrive at that amount?

Mr. LOVERIDGE. That is based on our previous experience.

Mr. LUDLOW. The transportation cost is up $22,000. Why is that?

Mr. LOVERIDGE. That is the transportation of temporary labor mainly and it also provides for the transportation of groceries and tools and equipment and things of that sort.

Mr. LUDLOW. Your amount for communication services is up $1,700. What is that?

Mr. LOVERIDGE. That is for telephone and telegraph charges.

Mr. LUDLOW. For rent and utility services the amount is $2,000. What sort of rents do you have?

Mr. LOVERIDGE. That is for short-term warehouse rents and equipment.

Mr. LUDLOW. And you have also $30,000 for other contractual services.

Mr. LOVERIDGE. Some of that is for our plane hire. Also in California we have a contract with the State whereby they place their better-grade prisoners on the national forests and we pay them only when they are on the job fighting a fire. That is an economical method of fighting fires, and by using these prisoners we are saving money.

Mr. LUDLOW. For supplies and materials, the amount is $49,954. What is that for?

Mr. LOVERIDGE. That is mainly for subsistence supplies.

Mr. LUDLOW. You have also set up $25,000 for equipment, making how much of a total amount for equipment?

Mr. LOVERIDGE. That will make the total amount for equipment $171,753 for the fiscal year;

Mr. LUDLOW. Why do you need $25,000 additional?

Mr. LOVERIDGE. We do not purchase equipment from this appropriation unless equipment from other Forest Service sources is unavailable. Sometimes we have to fight fires in out-of-the-way places, sometimes some distance from warehouses, and then we have to buy equipment locally. We have fires all over the United States that are widely scattered, and that runs this total up. A lot of tools and equipment are damaged and worn on fires. But this is a rather modest estimate.

Mr. O'NEAL. How much have you actually paid out in dollars and cents out of this appropriation?

Mr. LOVERIDGE. Our actual expenditures up to December 31 are a little over $3,000,000, or $3,042,146. That is for the first 6 months. For the last 6 months we are asking for $543,000.

Mr. O'NEAL. What percentage of that was for personnel costs?

Mr. LOVERIDGE. As shown on the green sheets, that is $1,530,092. That is for wages.

Mr. O'NEAL. You also have an item for other contractual services, for which the expenditures from July 1 to December 31 were $254,090. What would that be for?

Mr. LOVERIDGE. That is what we pay out on airplane hire contracts. Also in some cases we take over crews from a lumber company and use them in fighting fires. That is on a contract basis. A rather large sum is spent in California for reimbursing the State for prison labor, and for services of blister-rust crews.

Mr. O'NEAL. You have also expended in the first 6 months $493,702 for supplies and materials.

Mr. LOVERIDGE. The $493,702 is used for purposes that Mr. Thompson explained. When the War Department made soldiers available we had to use funds to feed them when they were fighting fires. A large part of that amount is for food for the soldiers. Also, the food for our own fire fighters was paid out of that sum.

Mr. O'NEAL. These salaries which are paid are supplemented by the food furnished the fire fighters?

Mr. LOVERIDGE. That is right. We run a traveling mess.

Mr. O'NEAL. Is that taken into consideration in estimating for their pay?

Mr. LOVERIDGE. Yes, sir. Our wage rates are set up originally by labor boards, which take into consideration subsistence in their pay.

Mr. O'NEAL. You also have an item of $146,753 for equipment. That is the emergency stuff you buy?

Mr. LOVERIDGE. Yes, sir.

USE OF SOLDIERS IN FIRE FIGHTING

Mr. O'NEAL. How many soldiers did you have employed in the fire fighting?

Mr. LOVERIDGE. We had between 2,500 and 3,000 altogether, including the paratroop job, as Mr. Thompson said.

Mr. THOMPSON. The 2,700 were ground troops. There were about 300 paratroopers, and a large number of casual troops from various cantonments, which altogether worked a total of 51,000 man-days.

Mr. O'NEAL. Do you have to take care of their mess?

Mr. LOVERIDGE. When they are on fire-fighting jobs.

Mr. O'NEAL. Do you have any idea how much time they spent there?

Mr. LOVERIDGE. That was 51,000 man-days.

Mr. O'NEAL. Do you know what it costs per month?

Mr. LOVERIDGE. I suppose it costs from $1.10 to $1.40 a day, depending on what part of the country they are in, and how we have to provide for the men in the fire camps.

Mr. LUDLOW. Can you give us the actual obligations for the fiscal year 1945, and between January 1 and June 30 of the fiscal years 1943 and 1944?

Mr. LOVERIDGE. I can insert that statement in the record.

Mr. LUDLOW. It would be considerably less than what you are estimating here?

Mr. LOVERIDGE. Yes, sir.

(The statement requested is as follows:)

Spring obligations in each of the last 3 fiscal years have been:

1943	$287,000
1944	253,000
1945	303,000

Mr. LUDLOW. Would it be logical to reduce this estimate some?

Mr. LOVERIDGE. I do not think so, Mr. Chairman. In 1946, we will have to pay a lot of overtime, which we did not have to pay in previous years. Fires are no respectors of the 5-day week.

Mr. TABER. How much in each of the last 3 years have you returned to the Treasury at the end of the year?

Mr. WOLD. In the fiscal year 1945 it was $82,991, in 1944 it was $133,354. In 1943 it was $99,509.

Mr. LUDLOW. Mr. Loveridge, do you not think that $350,000 would see you through to the end of the fiscal year?

Mr. LOVERIDGE. It would not, Mr. Chairman. Since last year we have had in effect the Federal Employees' Pay Act, which provides for increases in pay, and for overtime, and the estimates for overtime

payments ran about 35 percent of the total expenditures, so we expect the cost this year will be 35 percent higher than last year. I know you do not want us to take a chance on these fires.

Mr. O'NEAL. What about the number of fires you had in 1941?

Mr. LOVERIDGE. I think they ran about the same number.

Mr. O'NEAL. And yet you had 55,000 man-days of work from the soldiers, and you think the costs are practically the same?

Mr. LOVERIDGE. Yes, sir. In 1941 we had the CCC boys, and they were an enormous help to us in their camps, especially here in the East, in which some of our forests had three or four CCC camps, and the fire-fighting job was handled in some of the forests by them.

Mr. O'NEAL. Did the total of their work amount to anything like 55,000 man-days?

Mr. LOVERIDGE. Way beyond that, as much as 280,000 man-days.

Mr. O'NEAL. That explains the figures for comparable years?

Mr. LOVERIDGE. Yes, sir.

Mr. LUDLOW. There will be a final deficiency bill, and I would like to ask you if you do not think, in view of that fact, that $350,000 would serve your immediate needs, perhaps?

Mr. LOVERIDGE. I do not like to appear noncooperative, Mr. Chairman, but our big fire-fighting job usually comes in June, and that would be just too late to get a deficiency appropriation.

USE OF TEMPORARY PERSONNEL

Mr. TABER. How much of a regular pay roll do you have out of this appropriation?

Mr. LOVERIDGE. None of the regular pay roll.

Mr. TABER. All that is involved as far as pay roll goes is temporary stuff?

Mr. LOVERIDGE. It is for work exclusively on fighting fires.

Mr. TABER. That is for actually fighting fires. If there would be no fires, there would be no pay rolls; is that right?

Mr. LOVERIDGE. That is not entirely so. If we have a big lightning storm we put men in places where we expect fires. It may be there will be no fires from that storm, but the preparedness crews will be ready to fight them if they occur. This is in connection with being prepared for quick action in such emergencies.

VARYING COSTS IN DIFFERENT PARTS OF THE COUNTRY

Mr. TABER. Do you not have a good deal different conditions in some parts of the country than in others, as far as costs go?

Mr. LOVERIDGE. A radical difference is shown in the figures for the South. Our fires in the East are mainly surface fires. They are fast-burning surface fires and inexpensive to put out. But in the West, where there is a regular jackstraw of down logs, the cost is enormously expensive.

Mr. TABER. Your second highest in numbers of fires in these groups of States is in the southern group, and they had 1,895 fires at an average cost of $10 apiece.

But when you go to California, they had 2,100 fires with an average cost of $500 a piece. The southern fires seem to be on rather large acreage, and so do the California fires. In other words, they have

more in that group, from 100 to 300 acres, and almost as many in the group of over 300 acres.

I wonder why the fires in the Southern States should cost $10 an acre to put out, whereas the fires in California cost $500.

Mr. LOVERIDGE. That is the point I am sorry I was not clear on. There is no relationship between the number of fires and the cost of fires. The relationship is dependent on the topography and fuel conditions. In the South, as you know, the fires run through the grass and leaves on the surface of the ground, and they travel fast and burn over much acreage, but they are flash fires and rarely last very long.

But in California and other places in the West we have this very deep duff, and down logs, and fires are frequently in rough country a long way from roads, and it is necessary to walk men long distances or use paratroopers. There is no comparison in cost between the South and the West; conditions are different.

Mr. TABER. The cost in the South seems to be cheapest.

Mr. LOVERIDGE. That is right.

Mr. TABER. The lake States have a pretty high cost which runs to about twice $20 apiece, with comparatively large-sized fires. It seems as if the cost in California was way out of line.

Mr. LOVERIDGE. The lake State country has been cut over and burned over so badly in years gone by that the ground cover is in many cases pretty well removed, and the amount of fuel in the lake States is much lighter than in the western regions where we have virgin forests.

Mr. TABER. It seems as if we should pay less, or have less expenditure in those States to do the job.

Mr. LOVERIDGE. Also, in the southern country, we use machinery to a great extent. Our caterpillars and bulldozers may knock out a line so that we can get in water to help douse those fires. In the West, that rough country makes it impossible to use much more than hand equipment in fighting a large part of them.

Mr. WIGGLESWORTH. What have you accomplished with the $3,000,000 you have spent?

Mr. LOVERIDGE. Mr. Wigglesworth, I think one accomplishment is that we held down the area burned over to a quarter of a million acres out of a protection area of about 200,000,000 acres in the boundaries of the national forests. That is about one-tenth of 1 percent of the area, and I think it is a remarkable showing. The areas burned over and the losses are much higher on areas under other jurisdictions.

Mr. WIGGLESWORTH. In 1945 you had almost 10,000 fires and they burned over an acreage of almost a quarter of a million acres. That is, an average of 30 fires had an average of 25 acres per fire. It seems that there is a lot of burning up going on.

Mr. LOVERIDGE. Entirely too many man-caused fires, Mr. Wigglesworth. Of course, large numbers of fires are lightning-caused especially in the West. In the East 90 percent of the fires are man-caused and there is no excuse for such a large number. We are carrying on a big prevention program. The advertising council of the advertising industry is giving us advice, free of charge, and helping us with methods of carrying on the campaign. But those fires are inexcusable, and we are still trying to reduce the number.

LOCAL ASSISTANCE IN FIGHTING FIRES

Mr. WIGGLESWORTH. Do you have any assistance locally, or from private sources with this work, or does it fall on the shoulders of your force?

Mr. LOVERIDGE. Inside the national forests the job is handled primarily by the Forest Service. Outside of the national forests, under a separate appropriation, the States handle the job, with local cooperation and help. But this is Federal property, so the work is primarily handled by Federal employees.

Mr. WIGGLESWORTH. You do not get any assistance from fire-fighting apparatus in a town or community if the property is wholly Government property?

Mr. LOVERIDGE. Yes; we do get some, and I would like to give the full credit for the amount of help that they give. Last year people in Portland, Oreg., business and professional men came to our help, because labor was not available, and they helped out tremendously by serving as lookouts during their vacations. There were about 350 of those men who made a very fine contribution to that work. The public is very definitely with us in this work, but the number of fires started by carelessness is entirely too large.

Mr. WIGGLESWORTH. Are you getting all the help you think you are entitled to expect from fire departments and fire apparatus in the fighting of these fires?

Mr. LOVERIDGE. I think so. Most of the national forests are located away from towns and out of the reach of apparatus of the small villages and cities; they are beyond their reach.

Throughout the West, and also in the East, we have built up some very fine groups of cooperators. The ranchers are well organized, and when needed they dig up crews of neighbors who get to the fires before our men get to them. We get a lot of very valuable help in that way.

Mr. WIGGLESWORTH. It seems that 50 percent of the fires are man-caused, and it seems to me we should be able to reduce the number of fires and the fire-fighting appropriations if you get the right kind of cooperation.

Mr. LOVERIDGE. The number of man-caused fires on the national forests is approximately 50 percent. That should be reduced, and we are making strenuous efforts in that connection.

Mr. RABAUT. During the war, as I remember it, the request was before the committee for certain funds for the purpose of providing protection because of the danger, especially on the west coast, due to the enemy. Is that hazard being taken into consideration in the request for these funds?

Mr. LOVERIDGE. Yes, sir; these are actual expenditures.

Mr. RABAUT. That have been made?

Mr. LOVERIDGE. Yes, sir; that have been made.

Mr. RABAUT. This is a supplemental estimate?

Mr. LOVERIDGE. This is to reimburse the regular appropriation which has been drawn on temporarily for those expenditures.

STEPS TAKEN TO PREVENT FIRES BY VISITORS

Mr. DIRKSEN. Mr. Loveridge, when you speak of man-made fires, I presume you refer to lighted cigarettes and campfires, largely?

Mr. LOVERIDGE. Yes, sir.

Mr. DIRKSEN Those are manifestly started by people who use the forests for recreational purposes?

Mr. LOVERIDGE. A good many of them are, but not all.

Mr. DIRKSEN. What instructions do you give the people who handle the national forests?

Mr. LOVERIDGE. We have several procedures.

Where the recreationists come in large numbers we have registrars at the entrances of some of the roads. Of course, there are many roads that we cannot man but we have registrars on the more heavily used recreation roads that stop each car and give them a campfire permit, specifying the exact sites where they are to camp. These registrars record the name of the driver and the number of the car.

Mr. DIRKSEN. There is no penalty where somebody is apprehensive, and where it seems a fire might be caused by carelessness. There is no penalty that you can impose on the casual user of the forests?

Mr. LOVERIDGE. Not for carelessness.

Mr. DIRKSEN. This is an emergency appropriation and always has been considered as such?

Mr. LOVERIDGE. Yes, sir.

Mr. DIRKSEN. Up to that point you manage pretty well with the local force out of protection and management funds?

Mr. LOVERIDGE. Yes; a very high percentage of the fires that start are handled by our regular group.

Mr. DIRKSEN. What funds do you tap?

Mr. LOVERIDGE. Our general expense fund.

USE OF SURPLUS EQUIPMENT

Mr. DIRKSEN. With respect to the equipment that you can acquire in cases of emergency, are you using any equipment from the surplus property disposal agencies?

Mr. LOVERIDGE. We are on the lookout for equipment of that sort and are in touch with the disposal agencies. But as yet we have gotten very little. We have a promise for more. That act gives the Federal agencies a priority above other agencies, but we must pay for any equipment we acquire.

Mr. DIRKSEN. What seems to be the difficulty in getting such equipment?

I would assume the War Department has acquired large quantities of axes and other hand equipment that you would use. Since you are in a priority status, what is the difficulty in procuring that?

Mr. LOVERIDGE. It has to be released to the disposal agencies first, and before we can file an application we have to be notified that it has been released.

Mr. DIRKSEN. Has that been pursued with some diligence?

Mr. LOVERIDGE. Very definitely. Of course, we have to pay for it, and the amount of funds we have for that purpose is very limited.

PRINCIPAL CAUSES OF FIRES

Mr. LUDLOW. With your presentation here you ascribe several causes of fires, but the main causes are first, acts of providence, and the other is man-caused fires, and they almost balance each other in numbers. There are few more by acts of providence in the calendar

year 1945, but of the man-caused fires, what would you say are the principal causes?

Mr. LOVERIDGE. In the South, where the large number is, many are caused by the settlers down there who allow their trash fires to get away. They burn over their own property, but many of those fires get away.

Mr. THOMPSON. They are also caused by the burning of accumulated trash and fence rows, and so forth, and also some are caused by cigarettes, camp fires, and fires from locomotive sparks.

STEPS TAKEN TO PREVENT FIRES

Mr. LUDLOW. Pursuing Mr. Dirksen's questions a little further, what regulations do you make or what action do you take to minimize these man-caused fires?

Mr. LOVERIDGE. In addition to having registers on roads, we have publicity campaigns just as the other agencies have. If we can make people fire conscious they naturally become more careful.

We have a large number of law-enforcement cases every year, and wherever there is justification, the person who starts the fire is taken before the nearest justice of the peace, or United States commissioner.

A good many of these fires in the South are deliberately set by people living in the woods as a means of clearing the land. It is a long-established custom to set fires to improve grazing and when the national forests were set up, it was a great problem to overcome the tendency to set fires of that sort, and our success has been quite gratifying, so now we have very few sore sports.

Our success in that sort of thing is exemplified in Arkansas where there used to be a very bad record of man-set fires, but we have been able to show those people that the national forests have furnished a lot of jobs. When I was down there last fall there were families cutting fence posts and making $6 or $7 per member of the family per day.

Another thing that has been necessary to put a stop to man-caused fires is for the Government to fence its land. The settlers' psychology is that if the land is not fenced in, they have a right to graze on it and set fires in it. We have had a considerable amount of that land fenced and our experience has been that when the land is fenced it prevents the settlers from using that land for various purposes, and we have made a great deal of progress along that line.

Mr. LUDLOW. What is the total acreage of the national forests?

Mr. LOVERIDGE. About 179 million acres net, and with the exterior boundaries of the national forests, it is 200 million acres.

Mr. LUDLOW. How does that compare with the total forest acreage in the country?

Mr. LOVERIDGE. It is about one-third.

(Discussion off the record.)

NEED FOR FIRE-PREVENTION CAMPAIGN

Mr. RABAUT. I think this is the most opportune time for your division having charge of the national forests in connection with the conservation of the forests of America to have a national program of some kind and advertise it, because there never was a time in the history of our country when so many people were lumber conscious,

and it all grows around this tremendous shortage of homes. Lumber today is really scarce, and lumber comes from the forests. It is only natural that we should have some fires, but I would say that a great majority of the fires are caused by carelessness' especially forest fires. Of course a considerable percentage of forest fires is caused by lightning.

I wonder if it has ever occurred to you that you should have an advertising campaign that would have slogans that would be changed from time to time. For instance, you could take the gas stations of the country, especially in the areas where the woods are. It does not do so much good to have a slogan about fires at a gas station at Forty-second Street and Broadway in New York City. But if an automobile driver makes an excursion into the West where danger is about to rise, the people are conscious of it now.

You could have an advertising campaign for the prevention of fires, and bring out the tremendous loss caused by fires, showing how many homes could be built with lumber that fires destroyed. It would astound people.

That is a waste. This is a waste of a product that is so vital to America. There should be cooperation with the State governments regarding the laws permitting such things as the gentleman has talked about, in reference to the amount of loss by fire without proper supervision from someone. The power of advertising could be used here. I know you have done some of it, but the point is, have you done enough?

Perhaps some money spent along that line would be as well as this money spent to get out there with a hose and fight fires. And maybe we would not have to have the hose in some instances if we had advertising. Also, there ought to be some penalties on the people who are careless about it—there ought to be some penalties. That would be my suggestion about this.

Mr. LOVERIDGE. Thank you, Mr. Rabaut. And I am sure we are not doing as much as we should and we will see that is stepped up.

The Advertising Council of the United States, made up of representatives of the main advertising concerns, are cooperating with us at no cost. They have a council that meets with our representatives and draws up a campaign, and we also have the support and great help of every one of the State foresters. Bill boards are being used, posters, radio contacts, and things of that sort. But I am sure we are not doing as much as we should and I want to follow up on that and am glad you put that in the record.

I would like to say this, too. Forest fires are not the only cause of a lot of damage. There is one other cause, probably even more serious; and that is the damage that is being caused by improper cutting of timber on private land. There are many private operators who are now doing their cutting on a very fine basis, but the majority of them are still cutting without regard to how their stands are left. I saw areas out in California, for example, that were just cut clean. And there are other places in the South where only weed trees are being left. The future of our forests is being harmed by poor cutting to a very large extent.

Mr. RABAUT. There is one other question I want to ask you. Have not we a place in our set-up for adopting a system something along the line Germany had? Germany has people who are assigned to private forests clearing the forests, and they make a living at that.

I do not know what type of tools they use, whether it would be possible to have motor vehicles for the creation of electricity in their set-up, with dynamos on them, or in what way they do it; but they have real treatment of the forests and use the wood for heating purposes, or whatever it is.

Now, we do not seem to do much of that in this country. I have really seen very few places where it really looked like they were caring for the forests in this country.

Would that come in your hands?

Mr. LOVERIDGE. We would very much like to do that.

Mr. RABAUT. Why cannot you do it?

Mr. LOVERIDGE. So far as the national forests are concerned, because of lack of funds. We have many stands now that are entirely too dense that it would pay us to go into and and make thinnings. Mr. Granger spoke about what they are doing down in Arkansas, and the thinnings quite often can be sold at a profit. In many places by making thinnings, you also improve the stands.

We have in the United States something like 70,000,000 acres of private forest lands that have been so terribly devastated and burned over that they are going to have to be replanted. On the national forests we have 2,000,000 acres in need of planting. The Appropriations Committee has approved an increase of $700,000 for 1947 which will be a fine help. Naturally during the war we did very little planting.

Mr. RABAUT. Are we planting by planes at all?

Mr. LOVERIDGE. No, sir. Experiments on direct seeding have been going on, but we have found the rodents eat the seed just about as fast as they are dropped. It is necessary to grow seedlings in nurseries and transplant them.

(After discussion off the record:)

LIVES LOST BY FOREST FIRES IN 1945

Mr. LUDLOW. Mr. Loveridge, can you tell us a few words about the lives lost by fires in 1945?

Mr. LOVERIDGE. In 1945 we had the smallest number of lives lost that there has been for years. Ordinarily, with the permission of the committee, we have inserted in the record a brief statement of the lives lost. It runs 11, 12, and up to 20 in some years. Last year three persons were killed. Assistant supervisor Galt of the Santa Fe was struck by lightning while going to the Cabolitta fire. And in California we had a tractor driver burned in a brush fire on State lands. Those brush fires out there just run like wildfire. And in Oregon we lost one paratrooper—the first casualty among this class of employees. He jumped on the Lemon Butte fire in the Umpqua Forest and landed in the top of a tree, and in letting himself down from the top of the tree his rope apparently slipped and he was killed.

Mr. LUDLOW. Now, Mr. Loveridge, this estimate comes to us from the Budget as an urgent proposition. What is the urgency of it? What will happen if it is not made?

Mr. LOVERIDGE. We will run out of funds by the 15th of April.

Mr. TABER. But you are all right up to the middle of April?

Mr. LOVERIDGE. Yes, sir.

Mr. LUDLOW. If there are no further questions, that is all. Thank you for coming up.

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OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-2nd, No. 38

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

(Issued March 6, 1946, for actions of Tuesday, March 5, 1946)

(For staff of the Department only)

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HIGHLIGHTS: Senate committee reported bill to continue Farm Bankruptcy Act. House passed urgent deficiency. House debated Patman housing bill. House Post-war Planning Committee submitted report. Senate confirmed Krug as Interior Secretary.

HOUSE

1. SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1946. Passed without amendment this bill, H. R. 5671, which was reported by the Appropriations Committee earlier in the day (H. Rept. 1678)(pp. 1964-9). The bill includes $3,350,000 (Budget estimate was $3,483,000) for fighting forest fires, and a limited indefinite appropriation for BE&PQ for Federal Employees Pay Act costs (to be deducted from the appropriations to be included in the second deficiency appropriation bill later). The committee report states that the forest-fire item "later may be supplemented should it prove to be inadequate."

2. HOUSING. Continued debate on H. R. 4761, the Patman housing bill (pp. 1980-2003).

3. SURPLUS PROPERTY. Rep. Sikes, Fla., criticized administration of surplus-property disposal (pp. 2004-5).

4. POST-WAR PLANNING. The Special (Colmer) Committee on Post-war Economic Policy and Planning submitted a report (H. Rept. 1677)(p. 2007).

5. HOMESTEADS. The Public Lands Committee reported without amendment H. R. 5271, to amend the act allowing credit in connection with homestead entries for service in the armed forces, so as to provide that no person shall be disqualified because of not having reached the age of 21 (H. Rept. 1681)(p. 2007).

6. LUMBER PRICES. Received a petition from G. S. Parker Lumber Co., Tex., opposing ceiling prices on lumber (p. 2008).

7. FISH IMPORTS. Received a petition from the New Bedford, Mass., Council favori legislation to limit importation of frozen fish (p. 2008).

8. PRICE CONTROL. Received a petition from the Producers Grain Corp. favoring ex tension of OPA for 1 year from June 30, 1946 (p. 2008).

SENATE

9. PRICE CONTROL. Sen. Wherry, Nebr., criticized OPA, stating that "nonproductio is the greatest breeder of inflation" (pp. 1944-6).

10. PUBLIC DEBT. Sen. Ellender, La., inserted a table showing the population and public debt of various countries (pp. 1946-52).

11. PARKING FACILITIES. Passed as reported H. R. 4283, which requires that parki facilities shall be provided in the erection of new Federal office buildings in D. C., and that reports shall be made to Congress on parking facilities f existing buildings, together with recommendations (pp. 1955-6).

12. LABOR DEPARTMENT SECRETARIAT. Passed without amendment S. 1298, to establish the positions of Under Secretary of Labor and three Assistant Secretaries, an to abolish the present positions of First and Second Assistants (pp. 1956-7)

13. PRICE CONTROL. Sen. Willis, Ind., spoke in favor of self-pricing by manufacturers subject to OPA review, prices based on actual costs, elimination of price control in certain areas, and prohibition against such a "squeeze" on profits that production is deterred (pp. 1959-60).

14. NOMINATION. Unanimously confirmed the nomination of Julius A. Krug to be Secretary of the Interior (p. 1962).

15. FOOD CRISIS. Sen. Capper, Kans., inserted former President Hoover's telegram to the Secretary outlining a plan to conserve food in order that enough may be sent to Europe to prevent starvation there (p. 1939).

16. FARM BANKRUPTCY. The Judiciary Committee reported with amendment H.R. 5504, t continue Farm Bankruptcy Act for 15 months (S.Rept. 1014 (p. 1939).

17. CONGRESSIONAL REORGANIZATION. Received the report of the Joint Committee on the Organization of Congress (for details see Digest 37)(S.Rept.1011)(p.1931)

18. ELECTRIFICATION. Received a Miss. Legislature resolution urging Congress to direct the TVA to make available to the rural sections of Lauderdale County electric power through the Miss. REA (p. 1935).

Received from the Interior Department a report of the Bonneville Administrator covering the transmission and sale of electric power, 1945. To the Commerce Committee. (p. 1934).

19. FORESTRY. Received a Calif. Legislature resolution calling for a Congressiona investigation of the Forest Service (p. 1934).

20. GRAZING. Received a Utah Cattle and Horse Growers' Assn. resolution favoring the consolidation of the Forest Service and the Grazing Service in a single department of the Government (p. 1935).

21. RECLAMATION. Received a Grafton N.Dak. resolution favoring an appropriation.

[COMMITTEE PRINT]

NOTICE.—This report is given out subject to release when consideration of the bill which it accompanies has been completed by the whole committee. Please check on such action before release in order to be advised of any changes.

79TH CONGRESS, 2d Session } HOUSE OF REPRESENTATIVES { REPORT No. ~~167~~ 8

SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1946

MARCH 5, 1946.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. CANNON of Missouri, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. ~~5671~~]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

The estimates of appropriations upon which the bill is based are contained in House Documents Nos. 426, 427, 436, 437, 439, and 490.

The agencies and objects involved are as follows:

	Estimate	Bill
Social Security Board: Grants to States for old-age assistance, aid to dependent children, and aid to the blind, 1946	$10, 000, 000	$10, 000, 000
Veterans' Administration: Administration, medical, hospital, and domiciliary services, 1946	114, 000, 000	114, 000, 000
Department of Agriculture: Fighting forest fires, 1946	3, 483, 000	3, 350, 000
Post Office Department: Foreign mail transportation, 1946	2, 844, 000	1, 200, 000
War Department, civil functions: Rivers and harbors and flood control	(1)	(2)
Increased pay costs	227, 565, 500	(3)
Total	357, 892, 500	[4] 128, 550, 000

[1] Waives limitation upon use of field appropriations for salaries in the Office of the Chief of Engineers.
[2] Retains limitation, raising the amount thereof from $662,000 to $850,000.
[3] Indefinite.
[4] And indefinite.

83461—46

The items are presented to the House at this time in an urgent deficiency measure because existing appropriations either have become exhausted or will become exhausted on varying dates between the present and April 15, 1946.

Social Security Board

GRANTS TO STATES FOR OLD-AGE ASSISTANCE, AID TO DEPENDENT CHILDREN, AND AID TO THE BLIND, 1946

Previously appropriated	$431,000,000
Additional appropriation requested and included in the bill	10,000,000

Allotments of this appropriation are made quarterly to the States upon the basis of advance estimates submitted by the States. To meet the demands for the first three quarters there will be required $323,782,000, leaving a balance of $107,218,000 for the fourth quarter, commencing April 1, next. The estimated amount required for such quarter exceeds the balance remaining by $10,000,000, which accounts for the additional amount requested and recommended by the committee.

Quarterly allotments have steadily increased during the year owing to (1) removal or increase of maximum basis of payments by a number of the States, pursuant to legislative or other action, (2) curtailment of employment of persons 65 years of age or over, and (3) less employment of mothers of children.

The estimated number of recipients is not appreciably affected. The average number, other than blind, as to whom some reduction is shown, remains as originally estimated, namely: Old-age, 2,056,000; dependent children, 676,000 (271,000 families), and blind, 55,300 (originally, 57,500).

A comparison between average monthly payments during the present fiscal year as originally projected and as now estimated follows:

	Original estimate	Revised estimate
Old-age assistance	$29.50	$30.70
Dependent children	18.37	20.68
Aid to the blind	30.50	31.50

Veterans' Administration

ADMINISTRATION, MEDICAL, HOSPITAL, AND DOMICILIARY SERVICES, 1946

Previously appropriated	$227,675,000
Additional appropriation requested and included in the bill	114,000,000

As the title implies, this appropriation bears the cost of all administrative functions of the Veterans' Administration. Well over half of it is used for personal services. The appropriation finances such expenses as salaries and operating expenses of the central office in Washington, the field offices, hospitals, homes, and supply depots;

the cost of travel and examination of beneficiaries; payment of burial expenses, and reimbursements for such expenses; repairs and alterations to hospitals, homes, and property in which Veterans' Administration facilities are housed and to the equipment utilized; payments to contract facilities wherein Veterans' Administration patients are hospitalized; reimbursements to States at the statutory rate for those veterans cared for in State soldiers' homes who are eligible for admission to Veterans' Administration hospitals or homes; the cost of administration in connection with vocational rehabilitation, education, and training readjustment allowance and loans, and so forth.

The additional appropriation, the committee is advised, represents the minimum needs to meet the altered administrative conditions now existing by reason of the cessation of hostilities and consequent demobilization. During the present fiscal year, quoting from the testimony, "the 2,100,000 veterans of World War II, June 30, 1945, will increase to between 12,500,000 and 13,000,000 by the end of June 1946," assuming realization of Army and Navy schedules. Such number of separations, with about 5,000,000 occurring in the second quarter of the fiscal year 1946, obviously occasions many involved administrative and operating problems. The additional appropriation requested and proposed is for financing the added load, the size and rapidity of growth of which make close estimating extremely difficult. The appropriation recommended represents the present best judgment of the Veterans' Administration. Approximately $60,000,000 of the additional amount is for personal services, contemplating 18,981 additional man-years, the remainder being spread over the several other objects hereinbefore mentioned. An expenditure object analysis, both as to the original and this supplemental appropriation, appears in the hearings.

Department of Agriculture

FIGHTING FOREST FIRES, 1946

Previously appropriated	$100,000
Additional appropriation requested	3,483,000
Additional appropriation recommended	3,350,000

Because of the impossibility of determining definitely in advance the amount of funds required during any fiscal year for fighting and preventing fires in the national forests, the annual appropriation act for the Department of Agriculture for a number of years past has provided the nominal sum of $100,000 for this purpose.

The practice has been to supplement this sum to the extent actually required by the temporary use of funds appropriated for general expense purposes of the Forest Service. After the close of the fire season each year it has been the custom of the Department to submit estimates and of Congress to appropriate the funds needed to reimburse these general expense appropriations. The purpose of this supplemental estimate of appropriations is to provide reimbursement for expenditures actually incurred by the Forest Service since July 1, 1945, and to provide for estimated expenditures during the remainder of the fiscal year 1946.

The estimate of $3,483,000 has been summarized as follows:

Fire suppression and prevention:	
Expenditures, July 1 to Dec. 31, 1945	$3,042,146
Estimated expenditures, Jan. 1 to June 30, 1946	540,854
Total	3,583,000
Less amount available from 1946 appropriation	100,000
Basis for estimate	3,483,000

The amount required for the latter portion of a fiscal year also is a matter of conjecture. The estimate contemplates $540,854. The amount the committee is recommending would allow $407,854, which later may be supplemented should it prove to be inadequate.

Post Office Department

FOREIGN MAIL TRANSPORTATION, 1946

Previously appropriated	$400,000
Additional appropriation requested	2,844,000
Additional appropriation recommended	1,200,000

An additional appropriation is required to defray the cost of conducting this activity along the lines obtaining prior to the war. Funds previously made available are now exhausted. The appropriation applies to the movement of mail by surface ships to and from foreign countries. Private operators gradually are displacing the War Shipping Administration, which entails a cost not anticipated by the original appropriation.

Of the additional appropriation requested and recommended by the committee, all but $3,338 represents the estimated additional cost for conveying such of the mails as will be moved by private operators. The estimate assumes a larger movement by private operators than trends thus far justify. This was acknowledged to the committee by the Department's representative. If the reduced amount proposed should prove to be insufficient, an additional amount may be provided later.

There is attached to the appropriation proposed, in conformity with the estimate, authority to use $3,000 of it for the reestablishment of the Office of Assistant Director, Division of International Postal Service, which is a necessary step to a revival of the lawfully authorized sea post service (39 U. S. C. 667).

War Department—Civil Functions

SALARIES, OFFICE OF THE CHIEF OF ENGINEERS

It has been the practice to provide for personal services required in the Office of the Chief of Engineers for prosecuting work related to rivers and harbors and flood control out of appropriations for such activities, a ceiling on the amount of funds to be so employed having been carried annually in late years in the War Department Civil Functions Appropriation Acts. The ceiling for the present fiscal year is $662,000. No ceiling is included in the appropriation bill for the fiscal year 1947 (H. R. 5400), as passed by the House on February 7, 1946, and the committee has had before it a recommendation

(H. Doc. 426) to remove the present ceiling for the remainder of the current fiscal year, the main reason advanced being that requirements are unpredictable because of the large expansion of office work occasioned by the greatly increased volume of projects to be processed under appropriations made and pending.

Despite the fact that a limitation has not been imposed in H. R. 5400 up to this stage of its legislative course, the committee is unwilling to recommend that no limitation apply for the remainder of this fiscal year. Instead, it is proposing to raise the existing limitation from $662,000 to $850,000, or an increase of $188,000, for the following purposes:

Cost of Public Law 106	$172, 700
Cost of in-grade promotions	3, 042
Additional personal services	12, 258

Increased Pay Costs

The committee has before it estimates of appropriations (H. Doc. 437) required to pay the costs which cannot be absorbed of the Federal Employees Pay Act of 1945 (Public Law 106), and similar legislation granting increases in pay to employees of the postal service (Public Law 134), and to certain employees of the District of Columbia (Public Laws 151 and 158).

The total of the estimates is $409,534,576. The total cost of such laws has been computed to be $855,902,203. Of that aggregate amount, $443,425,109 will be absorbed, and $2,942,518 will be paid from corporate and tribal funds, receipts, etc.

The number of appropriations which need to be supplemented is about 450. It has developed as to 25 of such number that funds are required immediately in order that there may be no delay in effecting salary payments. These 25 are among the ones requiring the largest supplemental appropriations. The total on their account is $227,-565,500.

The committee has included in the accompanying bill a limited indefinite appropriation to care for the situation as regards such 25 appropriations, which are enumerated in the bill, and is pursuing that course in order that the specific appropriations for all of the appropriations affected may be carried in a single measure in the interest of facilitating reference and accounting in the future. It is the plan to include the specific appropriations in the second deficiency appropriation bill, 1946, now in the hearing stage.

○

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[FULL COMMITTEE PRINT]

Union Calendar No.

79TH CONGRESS
2D SESSION

H. R. 5671

[Report No. 1678]

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 1946

Mr. CANNON of Missouri, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

A BILL

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, to supply urgent
5 deficiencies in certain appropriations for the fiscal year ending
6 June 30, 1946, and for other purposes, namely:

J. 83460

1 INDEPENDENT EXECUTIVE AGENCIES

2 FEDERAL SECURITY AGENCY

3 SOCIAL SECURITY BOARD

4 Grants to States for old-age assistance, aid to dependent
5 children, and aid to the blind: For an additional amount,
6 fiscal year 1946, for "Grants to States for old-age assistance,
7 aid to dependent children, and aid to the blind", $10,000,000.

8 VETERANS' ADMINISTRATION

9 Administration, medical, hospital, and domiciliary serv-
10 ices: For an additional amount, fiscal year 1946, for "Ad-
11 ministration, medical, hospital, and domiciliary services",
12 including the objects specified under this head in the Inde-
13 pendent Offices Appropriation Act, 1946, $114,000,000.

14 DEPARTMENT OF AGRICULTURE

15 FOREST SERVICE

16 Fighting forest fires: For an additional amount, fiscal
17 year 1946, for "Fighting forest fires", $3,350,000.

18 POST OFFICE DEPARTMENT

19 (Out of the postal revenues)

20 OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL

21 Foreign mail transportation: For an additional amount,
22 fiscal year 1946, for "Foreign mail transportation", includ-
23 ing the objects specified under this head in the Post Office
24 Department Appropriation Act, 1946, $1,200,000, of which
25 amount the sum of $3,000 is hereby made available for the

1 establishment of an Office of Assistant Director, Division of
2 International Postal Service, with headquarters at New
3 York, New York, preparatory to the reestablishment of Sea
4 Post Service on July 1, 1946.

5 WAR DEPARTMENT—CIVIL FUNCTIONS

6 CORPS OF ENGINEERS

7 RIVERS AND HARBORS AND FLOOD CONTROL

8 The amount of $662,000 named in the proviso under
9 the head of "Rivers and harbors and flood control" in the
10 War Department Civil Appropriation Act, 1946, upon ex-
11 penditures for personal services in the Office of the Chief
12 of Engineers, is hereby increased to $850,000, such revised
13 amount to include the cost on account of such personal
14 services of the Federal Employees Pay Act of 1945 (Public
15 Law 106).

16 INCREASED PAY COSTS

17 For such sums as may be necessary, not to exceed the
18 respective amounts named in House Document Numbered
19 437, Seventy-ninth Congress, for making payments during
20 the fiscal year 1946 in consequence of the Federal Em-
21 ployees Pay Act of 1945 (Public Law 106), and of the
22 Act entitled "An Act to reclassify the salaries of post-
23 masters, officers, and employees of the Postal Service; to
24 establish uniform procedures for computing compensation;

1 and for other purposes", approved July 6, 1945 (Public
2 Law 134), from appropriations as follows:
3 National Archives: Salaries and expenses;
4 Railroad Retirement Board:
5 Salaries;
6 Miscellaneous expenses, other than salaries;
7 Smithsonian Institution:
8 Salaries and expenses;
9 Salaries and expenses, National Gallery of Art;
10 Department of Agriculture:
11 Bureau of Entomology and Plant Quarantine:
12 Insect investigations;
13 Insect and plant disease control;
14 Foreign plant quarantines;
15 Department of Commerce:
16 Office of Administrator of Civil Aeronautics: Main-
17 tenance and operation of air-navigation facilities;
18 Weather Bureau: Salaries and expenses;
19 Post Office Department (out of the postal revenues):
20 Office of the First Assistant Postmaster General:
21 Compensation to postmasters;
22 Compensation to assistant postmasters;
23 Clerks, first- and second-class post offices;
24 Clerks, third-class post offices;
25 City delivery carriers;

1 Office of the Second Assistant Postmaster General:
2 Railway mail service;
3 Railway postal clerks, travel allowance;
4 Office of the Fourth Assistant Postmaster General:
5 Vehicle service;
6 Public buildings, maintenance and operation:
7 Operating force;
8 Treasury Department:
9 Custody of Treasury Buildings: Salaries of operat-
10 ing force;
11 Bureau of Internal Revenue: Salaries and expenses;
12 Secret Service Division:
13 Salaries;
14 Suppressing counterfeiting and other crimes;
15 Salaries and expenses, guard force, Treasury
16 buildings;
17 War Department—Civil functions:
18 Quartermaster Corps: Cemeterial expenses:
19 *Provided,* That the obligations incurred and expendi-
20 tures made for such purposes under the authority of this
21 Act shall be charged to any appropriations therefor in the
22 Second Deficiency Appropriation Act, 1946, when enacted:
23 *Provided further,* That any restrictions heretofore made ap-
24 plicable to any of the foregoing appropriations, which limit
25 the amounts which may be expended for personal services

1 or for other purposes, or amounts which may be transferred
2 between appropriations or authorizations, are hereby waived
3 to the extent necessary to meet increased pay costs as pro-
4 vided for herein.

5 TITLE II—GENERAL PROVISIONS

6 SEC. 201. No part of any appropriation contained in
7 this Act shall be used to pay the salary or wages of any
8 person who advocates, or who is a member of an organiza-
9 tion that advocates the overthrow of the Government of the
10 United States by force or violence: *Provided,* That for the
11 purposes hereof an affidavit shall be considered prima facie
12 evidence that the person making the affidavit does not ad-
13 vocate, and is not a member of an organization that advo-
14 cates, the overthrow of the Government of the United
15 States by force or violence: *Provided further,* That any per-
16 son who advocates, or who is a member of an organization
17 that advocates, the overthrow of the Government of the
18 United States by force or violence and accepts employment
19 the salary or wages for which are paid from any appropria-
20 tion contained in this Act shall be guilty of a felony and,
21 upon conviction, shall be fined not more than $1,000 or
22 imprisoned for not more than one year, or both: *Provided*
23 *further,* That the above penal clause shall be in addition to,

1 and not in substitution for, any other provision of existing
2 law.

3 SEC. 202. This Act may be cited as the "Second
4 Urgent Deficiency Appropriation Act, 1946".

[FULL COMMITTEE PRINT]

Union Calendar No.

79TH CONGRESS
2D SESSION

H. R.

[Report No.]

A BILL

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

By Mr. CANNON of Missouri

MARCH 5, 1946

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

79th Congress, 2d Session | HOUSE OF REPRESENTATIVES | Report No. 1678

SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1946

March 5, 1946.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. Cannon of Missouri, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 5671]

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The estimates of appropriations upon which the bill is based are contained in House Documents Nos. 426, 427, 436, 437, 439, and 490.

The agencies and objects involved are as follows:

	Estimate	Bill
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Department of Agriculture: Fighting forest fires, 1946	3, 483, 000	3, 350, 000
Post Office Department: Foreign mail transportation, 1946	2, 844, 000	1, 200, 000
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Increased pay costs	227, 565, 500	(3)
Total	357, 892, 500	[4] 128, 550, 000

[1] Waives limitation upon use of field appropriations for salaries in the Office of the Chief of Engineers.
[2] Retains limitation, raising the amount thereof from $662,000 to $850,000.
[3] Indefinite.
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The items are presented to the House at this time in an urgent deficiency measure because existing appropriations either have become exhausted or will become exhausted on varying dates between the present and April 15, 1946.

Social Security Board

GRANTS TO STATES FOR OLD-AGE ASSISTANCE, AID TO DEPENDENT CHILDREN, AND AID TO THE BLIND, 1946

Previously appropriated	$431,000,000
Additional appropriation requested and included in the bill	10,000,000

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The estimated number of recipients is not appreciably affected. The average number, other than blind, as to whom some reduction is shown, remains as originally estimated, namely: Old-age, 2,056,000; dependent children, 676,000 (271,000 families), and blind, 55,300 (originally, 57,500).

A comparison between average monthly payments during the present fiscal year as originally projected and as now estimated follows:

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Veterans' Administration

ADMINISTRATION, MEDICAL, HOSPITAL, AND DOMICILIARY SERVICES, 1946

Previously appropriated	$227,675,000
Additional appropriation requested and included in the bill	114,000,000

As the title implies, this appropriation bears the cost of all administrative functions of the Veterans' Administration. Well over half of it is used for personal services. The appropriation finances such expenses as salaries and operating expenses of the central office in Washington, the field offices, hospitals, homes, and supply depots;

the cost of travel and examination of beneficiaries; payment of burial expenses, and reimbursements for such expenses; repairs and alterations to hospitals, homes, and property in which Veterans' Administration facilities are housed and to the equipment utilized; payments to contract facilities wherein Veterans' Administration patients are hospitalized; reimbursements to States at the statutory rate for those veterans cared for in State soldiers' homes who are eligible for admission to Veterans' Administration hospitals or homes; the cost of administration in connection with vocational rehabilitation, education, and training readjustment allowance and loans, and so forth.

The additional appropriation, the committee is advised, represents the minimum needs to meet the altered administrative conditions now existing by reason of the cessation of hostilities and consequent demobilization. During the present fiscal year, quoting from the testimony, "the 2,100,000 veterans of World War II, June 30, 1945, will increase to between 12,500,000 and 13,000,000 by the end of June 1946," assuming realization of Army and Navy schedules. Such number of separations, with about 5,000,000 occurring in the second quarter of the fiscal year 1946, obviously occasions many involved administrative and operating problems. The additional appropriation requested and proposed is for financing the added load, the size and rapidity of growth of which make close estimating extremely difficult. The appropriation recommended represents the present best judgment of the Veterans' Administration. Approximately $60,000,000 of the additional amount is for personal services, contemplating 18,981 additional man-years, the remainder being spread over the several other objects hereinbefore mentioned. An expenditure object analysis, both as to the original and this supplemental appropriation, appears in the hearings.

Department of Agriculture

FIGHTING FOREST FIRES, 1946

Previously appropriated	$100,000
Additional appropriation requested	3,483,000
Additional appropriation recommended	3,350,000

Because of the impossibility of determining definitely in advance the amount of funds required during any fiscal year for fighting and preventing fires in the national forests, the annual appropriation act for the Department of Agriculture for a number of years past has provided the nominal sum of $100,000 for this purpose.

The practice has been to supplement this sum to the extent actually required by the temporary use of funds appropriated for general expense purposes of the Forest Service. After the close of the fire season each year it has been the custom of the Department to submit estimates and of Congress to appropriate the funds needed to reimburse these general expense appropriations. The purpose of this supplemental estimate of appropriations is to provide reimbursement for expenditures actually incurred by the Forest Service since July 1, 1945, and to provide for estimated expenditures during the remainder of the fiscal year 1946.

The estimate of $3,483,000 has been summarized as follows:

Fire suppression and prevention:	
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Estimated expenditures, Jan. 1 to June 30, 1946	540,854
Total	3,583,000
Less amount available from 1946 appropriation	100,000
Basis for estimate	3,483,000

The amount required for the latter portion of a fiscal year also is a matter of conjecture. The estimate contemplates $540,854. The amount the committee is recommending would allow $407,854, which later may be supplemented should it prove to be inadequate.

Post Office Department

FOREIGN MAIL TRANSPORTATION, 1946

Previously appropriated	$400,000
Additional appropriation requested	2,844,000
Additional appropriation recommended	1,200,000

An additional appropriation is required to defray the cost of conducting this activity along the lines obtaining prior to the war. Funds previously made available are now exhausted. The appropriation applies to the movement of mail by surface ships to and from foreign countries. Private operators gradually are displacing the War Shipping Administration, which entails a cost not anticipated by the original appropriation.

Of the additional appropriation requested and recommended by the committee, all but $3,338 represents the estimated additional cost for conveying such of the mails as will be moved by private operators. The estimate assumes a larger movement by private operators than trends thus far justify. This was acknowledged to the committee by the Department's representative. If the reduced amount proposed should prove to be insufficient, an additional amount may be provided later.

There is attached to the appropriation proposed, in conformity with the estimate, authority to use $3,000 of it for the reestablishment of the Office of Assistant Director, Division of International Postal Service, which is a necessary step to a revival of the lawfully authorized sea post service (39 U. S. C. 667).

War Department—Civil Functions

SALARIES, OFFICE OF THE CHIEF OF ENGINEERS

It has been the practice to provide for personal services required in the Office of the Chief of Engineers for prosecuting work related to rivers and harbors and flood control out of appropriations for such activities, a ceiling on the amount of funds to be so employed having been carried annually in late years in the War Department Civil Functions Appropriation Acts. The ceiling for the present fiscal year is $662,000. No ceiling is included in the appropriation bill for the fiscal year 1947 (H. R. 5400), as passed by the House on February 7, 1946, and the committee has had before it a recommendation

(H. Doc. 426) to remove the present ceiling for the remainder of the current fiscal year, the main reason advanced being that requirements are unpredictable because of the large expansion of office work occasioned by the greatly increased volume of projects to be processed under appropriations made and pending.

Despite the fact that a limitation has not been imposed in H. R. 5400 up to this stage of its legislative course, the committee is unwilling to recommend that no limitation apply for the remainder of this fiscal year. Instead, it is proposing to raise the existing limitation from $662,000 to $850,000, or an increase of $188,000, for the following purposes:

Cost of Public Law 106	$172, 700
Cost of in-grade promotions	3, 042
Additional personal services	12, 258

Increased Pay Costs

The committee has before it estimates of appropriations (H. Doc. 437) required to pay the costs which cannot be absorbed of the Federal Employees Pay Act of 1945 (Public Law 106), and similar legislation granting increases in pay to employees of the postal service (Public Law 134), and to certain employees of the District of Columbia (Public Laws 151 and 158).

The total of the estimates is $409,534,576. The total cost of such laws has been computed to be $855,902,203. Of that aggregate amount, $443,425,109 will be absorbed, and $2,942,518 will be paid from corporate and tribal funds, receipts, etc.

The number of appropriations which need to be supplemented is about 450. It has developed as to 25 of such number that funds are required immediately in order that there may be no delay in effecting salary payments. These 25 are among the ones requiring the largest supplemental appropriations. The total on their account is $227,565,500.

The committee has included in the accompanying bill a limited indefinite appropriation to care for the situation as regards such 25 appropriations, which are enumerated in the bill, and is pursuing that course in order that the specific appropriations for all of the appropriations affected may be carried in a single measure in the interest of facilitating reference and accounting in the future. It is the plan to include the specific appropriations in the second deficiency appropriation bill, 1946, now in the hearing stage.

○

Union Calendar No. 499

79TH CONGRESS
2D SESSION

H. R. 5671

[Report No. 1678]

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 1946

Mr. CANNON of Missouri, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

A BILL

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, namely:

1 INDEPENDENT EXECUTIVE AGENCIES

2 FEDERAL SECURITY AGENCY

3 SOCIAL SECURITY BOARD

4 Grants to States for old-age assistance, aid to dependent
5 children, and aid to the blind: For an additional amount,
6 fiscal year 1946, for "Grants to States for old-age assistance,
7 aid to dependent children, and aid to the blind", $10,000,000.

8 VETERANS' ADMINISTRATION

9 Administration, medical, hospital, and domiciliary serv-
10 ices: For an additional amount, fiscal year 1946, for "Ad-
11 ministration, medical, hospital, and domiciliary services",
12 including the objects specified under this head in the Inde-
13 pendent Offices Appropriation Act, 1946, $114,000,000.

14 DEPARTMENT OF AGRICULTURE

15 FOREST SERVICE

16 Fighting forest fires: For an additional amount, fiscal
17 year 1946, for "Fighting forest fires", $3,350,000.

18 POST OFFICE DEPARTMENT

19 (Out of the postal revenues)

20 OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL

21 Foreign mail transportation: For an additional amount,
22 fiscal year 1946, for "Foreign mail transportation", includ-
23 ing the objects specified under this head in the Post Office
24 Department Appropriation Act, 1946, $1,200,000, of which
25 amount the sum of $3,000 is hereby made available for the

establishment of an Office of Assistant Director, Division of International Postal Service, with headquarters at New York, New York, preparatory to the reestablishment of Sea Post Service on July 1, 1946.

WAR DEPARTMENT—CIVIL FUNCTIONS

Corps of Engineers

RIVERS AND HARBORS AND FLOOD CONTROL

The amount of $662,000 named in the proviso under the head of "Rivers and harbors and flood control" in the War Department Civil Appropriation Act, 1946, upon expenditures for personal services in the Office of the Chief of Engineers, is hereby increased to $850,000, such revised amount to include the cost on account of such personal services of the Federal Employees Pay Act of 1945 (Public Law 106).

INCREASED PAY COSTS

For such sums as may be necessary, not to exceed the respective amounts named in House Document Numbered 437, Seventy-ninth Congress, for making payments during the fiscal year 1946 in consequence of the Federal Employees Pay Act of 1945 (Public Law 106), and of the Act entitled "An Act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation;

1 and for other purposes", approved July 6, 1945 (Public
2 Law 134), from appropriations as follows:
3 National Archives: Salaries and expenses;
4 Railroad Retirement Board:
5 Salaries;
6 Miscellaneous expenses, other than salaries;
7 Smithsonian Institution:
8 Salaries and expenses;
9 Salaries and expenses, National Gallery of Art;
10 Department of Agriculture:
11 Bureau of Entomology and Plant Quarantine:
12 Insect investigations;
13 Insect and plant disease control;
14 Foreign plant quarantines;
15 Department of Commerce:
16 Office of Administrator of Civil Aeronautics: Main-
17 tenance and operation of air-navigation facilities;
18 Weather Bureau: Salaries and expenses;
19 Post Office Department (out of the postal revenues):
20 Office of the First Assistant Postmaster General:
21 Compensation to postmasters;
22 Compensation to assistant postmasters;
23 Clerks, first- and second-class post offices;
24 Clerks, third-class post offices;
25 City delivery carriers;

1 Office of the Second Assistant Postmaster General:
2 Railway mail service;
3 Railway postal clerks, travel allowance;
4 Office of the Fourth Assistant Postmaster General:
5 Vehicle service;
6 Public buildings, maintenance and operation:
7 Operating force;
8 Treasury Department:
9 Custody of Treasury Buildings: Salaries of operat-
10 ing force;
11 Bureau of Internal Revenue: Salaries and expenses;
12 Secret Service Division:
13 Salaries;
14 Suppressing counterfeiting and other crimes;
15 Salaries and expenses, guard force, Treasury
16 buildings;
17 War Department—Civil functions:
18 Quartermaster Corps: Cemeterial expenses:
19 *Provided,* That the obligations incurred and expendi-
20 tures made for such purposes under the authority of this
21 Act shall be charged to any appropriations therefor in the
22 Second Deficiency Appropriation Act, 1946, when enacted:
23 *Provided further,* That any restrictions heretofore made ap-
24 plicable to any of the foregoing appropriations, which limit
25 the amounts which may be expended for personal services

1 or for other purposes, or amounts which may be transferred
2 between appropriations or authorizations, are hereby waived
3 to the extent necessary to meet increased pay costs as pro-
4 vided for herein.

5 TITLE II—GENERAL PROVISIONS

6 SEC. 201. No part of any appropriation contained in
7 this Act shall be used to pay the salary or wages of any
8 person who advocates, or who is a member of an organiza-
9 tion that advocates the overthrow of the Government of the
10 United States by force or violence: *Provided,* That for the
11 purposes hereof an affidavit shall be considered prima facie
12 evidence that the person making the affidavit does not ad-
13 vocate, and is not a member of an organization that advo-
14 cates, the overthrow of the Government of the United
15 States by force or violence: *Provided further,* That any per-
16 son who advocates, or who is a member of an organization
17 that advocates, the overthrow of the Government of the
18 United States by force or violence and accepts employment
19 the salary or wages for which are paid from any appropria-
20 tion contained in this Act shall be guilty of a felony and,
21 upon conviction, shall be fined not more than $1,000 or
22 imprisoned for not more than one year, or both: *Provided*
23 *further,* That the above penal clause shall be in addition to,

1 and not in substitution for, any other provision of existing
2 law.

3 SEC. 202. This Act may be cited as the "Second
4 Urgent Deficiency Appropriation Act, 1946".

Union Calendar No. 499

79TH CONGRESS
2D SESSION

H. R. 5671

[Report No. 1678]

A BILL

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

By Mr. CANNON of Missouri

MARCH 5, 1946

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

additional power, sought to obtain title to the lands for the Federal Government.

The Pauley petroleum interests are paying to the State of California royalties on every barrel of oil produced by their tideland wells. That is exactly what they are doing, too, to the owners of all lands they have leased and turned into petroleum production.

What difference does it make to an oil company who the owners of productive oil lands are, so long as such owners live up to their lease agreements. The royalties must be paid, regardless.

So here we find Mr. Ickes using a phoney lawsuit as the basis for assassination of the character of a man who has been a business success and who, having achieved a measure of wealth, is using both his money and his talents to serve his country.

Ed Pauley did a wonderful job as American representative on the Allied Reparations Commission.

President Truman believes he has the qualifications for efficient administration of the Navy Department and has nominated him for appointment as Under Secretary of the Navy. I have no vote in this matter. It is a question for the Senate. I could not sit by silently, however, while Mr. Pauley is attacked in this despicable manner.

Mr. Ickes, as Secretary of the Interior, wanted and had recommended that the Navy's oil operations be transferred to the Interior Department. He knew that confirmation of Ed Pauley as Under Secretary of the Navy would certainly not help the cause.

He set out to discredit Pauley with the President. Failing, he has resorted to public assassination of the character of this successful businessman.

Under these circumstances, should this Congress place credence in the testimony of Mr. Ickes—the self-styled "Honest Harold"? Should the American people give ear to the bombastic outbursts of this halitosic windbag, whose every action demonstrates selfishness and greed for power?

I trust that these brief remarks have cleared the atmosphere of some confusion.

SIGNING OF DISCHARGE PETITIONS 4 AND 12

Mr. KLEIN. Mr. Speaker, my predecessor, the Honorable Samuel Dickstein, signed discharge petitions Nos. 4 and 12. I desire to have my name entered on these petitions, and ask unanimous consent that my predecessor's name be removed so that I may sign said petitions.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ADJOURNMENT

Mr. KLEIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 40 minutes p. m.) the House adjourned until tomorrow, Wednesday, March 6, 1946, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Wednesday, March 6, 1946)

The Committee on Immigration and Naturalization will hold open hearings on H. R. 3663 Wednesday, March 6, 1946, at 10:30 a. m., in room 446, Old House Office Building.

COMMITTEE ON WORLD WAR VETERANS' LEGISLATION

(Wednesday, March 6, 1946)

There will be a meeting of the Committee on World War Veterans' Legislation, in executive session, on Wednesday, March 6, 1946, at 10:30 a. m., in committee room 356, Old House Office Building, on the report of the investigation of the Veterans' Administration.

COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

(Wednesday, March 6, 1946)

The Committee on Expenditures in the Executive Departments will hold hearings on surplus property on Wednesday, March 6, 1946, through Friday, March 8, at 10 a. m., in room 304, Old House Office Building.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, March 7, 1946)

There will be a meeting of the Public Health Subcommittee of the Committee on Interstate and Foreign Commerce, at 10 a. m., Thursday, March 7, 1946.

Business to be considered: To commence hearings on the bill S. 191, an act to amend the Public Health Service Act to authorize grants to the States for surveying their hospitals and public health centers and for planning construction of additional facilities, and to authorize grants to assist in such construction.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. COLMER: Special Committee on Postwar Economic Policy and Planning submits a report pursuant to House Resolution 60 (Rept. No. 1677). Referred to the Committee of the Whole House on the State of the Union.

Mr. CANNON of Missouri: Committee on Appropriations. H. R. 5671. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes; without amendment (Rept. No. 1678). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLOOM: Committee on Foreign Affairs. H. R. 2871. A bill to create a commission to be known as the Alaskan International Highway Commission; with amendment (Rept. No. 1679). Referred to the Committee of the Whole House on the State of the Union.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 1680. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. ENGLE of California: Committee on the Public Lands. H. R. 5271. A bill to amend an act entitled "An act to allow credit in connection with certain homestead entries for military or naval service rendered during World War II"; without amendment (Rept. No. 1681). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri:

H. R. 5671. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes; to the Committee on Appropriations.

By Mr. MANASCO:

H. R. 5672. A bill to limit the time within which the General Accounting Office shall make final settlement of the monthly or quarterly accounts of disbursing officers under the executive branch of the Government, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. DWORSHAK:

H. R. 5673. A bill authorizing the erection and operation of a memorial museum and shop on the Fort Hall Reservation, Idaho; to the Committee on Indian Affairs.

By Mr. MANSFIELD of Texas:

H. R. 5674. A bill to amend the laws authorizing the performance of necessary protection work between the Yuma project and Boulder Dam by the Bureau of Reclamation; to the Committee on Rivers and Harbors.

By Mr. BOREN:

H. R. 5675. A bill to create a court for the review of sentences imposed by courts martial; to the Committee on Military Affairs.

By Mr. NORRELL:

H. J. Res. 324. Joint resolution requesting the President to issue a proclamation designating the 28th day of October of each year as National Arthritis Day; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Mississippi, memorializing the President and the Congress of the United States to authorize and direct the Tennessee Valley Authority to make available to the rural sections of Lauderdale County electrical power and service through the East Mississippi Rural Electrification Association; to the Committee on Agriculture.

Also, memorial of the legislature of the State of Michigan, memorializing the President and the Congress of the United States to enact legislation granting an immediate increase in the salaries of postal workers; to the Committee on the Post Office and Post Roads.

Also, memorial of the Legislature of Puerto Rico, memorializing the President and the Congress of the United States with regard to the political status of Puerto Rico; to the Committee on Insular Affairs.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to make a thorough investigation of the United States Forest Service and the basis of its policies for the purpose of enacting legislation which would prevent the afore-mentioned evils and limit the service to the performance of administrative functions; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARRETT of Wyoming:

H. R. 5676. A bill to quiet title and possession with respect to certain real estate in Converse County, Wyo.; to the Committee on the Public Lands.

By Mr. KEEFE:

H. R. 5677. A bill for the relief of Goettmann Printing Co., a Wisconsin corporation; to the Committee on Claims.

By Mr. McGEHEE:

H. R. 5678. A bill for the relief of Charles E. Crook; to the Committee on Claims.

By Mr. REED of New York:

H. R. 5679. A bill for the relief of Mrs. Eleanor K. Savidge; to the Committee on Claims.

By Mr. SIKES:

H. R. 5680. A bill for the relief of John W. Miller; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1672. By Mrs. BOLTON: Petition of 434 citizens of Greater Cleveland, Ohio, protesting any action to establish a system of compulsory military training for young men and boys of the Nation; especially while beer is sold or given away in camps, which is clearly detrimental to the moral fiber of teen-age youth; to the Committee on Military Affairs.

1673. By Mr. GRAHAM: Petition of 200 Pennsylvania Railroad employees, in support of House bill 1737, the Railroad Pension Act; to the Committee on Interstate and Foreign Commerce.

1674. By Mr. LUTHER A. JOHNSON: Petition of G. S. Parker Lumber Co., Bryan, Tex., opposing all ceiling prices on lumber and building materials; to the Committee on Banking and Currency.

1675. By the SPEAKER: Petition of the City Council of the City of New Bedford, Mass., petitioning consideration of their resolution with reference to favoring a law to limit the importation of frozen fish from foreign countries; to the Committee on Ways and Means.

1676. Also, petition of the Producers Grain Corp., petitioning consideration of their resolution with reference to extension of the life of OPA for 1 year from June 30, 1946; to the Committee on Banking and Currency.

15, 1946, subject to examination required by law.

To be majors

Capt. James Emile Graham, Medical Corps (temporary colonel), with rank from March 1, 1946.

Capt. Jay Franchel Gamel, Medical Corps (temporary colonel), with rank from March 1, 1946.

Capt. Aubrey L. Jennings, Medical Corps (temporary colonel), with rank from March 7, 1946.

To be captain

First Lt. James Richard Paul, Medical Corps (temporary captain), with rank from March 14, 1946.

PHARMACY CORPS

To be captains

First Lt. Paul Cable Larnce, Pharmacy Corps (temporary major), with rank from March 12, 1946, subject to examination required by law.

First Lt. Emerson Beery Taylor, Pharmacy Corps (temporary major), with rank from March 12, 1946, subject to examination required by law.

First Lt. Thomas Floris Criswell, Jr., Pharmacy Corps (temporary captain), with rank from March 12, 1946, subject to examination required by law.

First Lt. Woodrow Charles Herbert, Pharmacy Corps (temporary major), with rank from March 12, 1946.

To be first lieutenant

Second Lt. Paul Francis Crutchlow, Pharmacy Corps (temporary first lieutenant), with rank from March 31, 1946, subject to examination required by law.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY OF THE UNITED STATES

TO FINANCE DEPARTMENT

Capt. Maynard Norwood Levenick, Infantry (temporary lieutenant colonel), with rank from June 11, 1941.

TO CORPS OF ENGINEERS

First Lt. Robert Duncan Brown, Jr., Coast Artillery Corps (temporary major), with rank from June 11, 1944.

TO ORDNANCE DEPARTMENT

First Lt. Richard John Rastetter, Quartermaster Corps (temporary lieutenant colonel), with rank from June 11, 1944.

TO INFANTRY

First Lt. VanCleave Parrott Warren, Coast Artillery Corps (temporary captain), with rank from May 29, 1945.

Second Lt. Robert Stephen Mills, Coast Artillery Corps (temporary first lieutenant), with rank from June 6, 1944.

COAST AND GEODETIC SURVEY

The following-named employees of the Coast and Geodetic Survey to the position of aide with rank of ensign in the Coast and Geodetic Survey to be effective on the date set opposite each of their names:

Wilbert M. Hellman, August 1, 1945.
Gerald L. Short, October 1, 1945.
John O. Phillips, October 1, 1945.
Robert D. Singel, November 1, 1945.
John E. Schultz, February 1, 1946.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 5, 1946:

SECRETARY OF THE INTERIOR

Julius A. Krug to be Secretary of the Interior.

IN THE NAVY

APPOINTMENTS IN THE NAVY, FOR TEMPORARY SERVICE

James E. Maher to be a commodore, while serving as chief of base maintenance, Office of the Chief of Naval Operations, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

Arthur Gavin to be a commodore, while serving as commander, aircraft, Philippine Sea Frontier, and commander, Fleet Air Wing 10, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

Arleigh A. Burke to be a commodore in the Navy while serving as chief of staff and aide to commander, Eighth Fleet, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

Lemuel P. Padgett, Jr., to be a commodore in the Navy while serving as petroleum attaché, Middle East, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

Robert F. Batchelder to be a pay director in the Navy, with the rank of commodore while serving in the Material Division, Office of the Assistant Secretary of the Navy, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

John A. Snackenberg to be a commodore in the Navy, while serving as chief of staff to commander, Joint Task Force 1, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

House of Representatives

TUESDAY, MARCH 5, 1946

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord, the Father of mercy and the God of all comfort, we praise Thee that Thou hast addressed Thyself to all that is deepest and dearest in the human breast. In Thee men may unite their dreams and hopes and rebuild their plans and aspirations. We confess that there are great ills to be overthrown which breed poverty and economic conditions filled with peril. O God, with restraint and caution, with method and wisdom, may we labor for their solution. Grant that our efforts may not be shattered visions, but with considered thought and gentleness, linked with rock-like sternness, may we embody justice to all men. O let Thy wisdom become our wisdom and Thy righteousness our righteousness, then shall we be justified by Him, the master-builder of a happier world. Through Jesus Christ, to whom be the glory forever. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

DEFICIENCY APPROPRIATION BILL

Mr. LUDLOW, from the Committee on Appropriations, reported the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes (Rept. No. 1678), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. TABER reserved all points of order on the bill.

Mr. LUDLOW. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate continue not to exceed 30 minutes, the time to be equally divided and controlled by the gentleman from New York [Mr. TABER] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. RANKIN. Mr. Speaker, reserving the right to object, has this bill been printed?

Mr. LUDLOW. It is a very urgent bill. I may say it has been printed.

Mr. RANKIN. To what does it relate?

Mr. LUDLOW. It relates to the Veterans' Administration.

Mr. RANKIN. Of course, I am very much in favor of that provision, but I do not want to be accused of filibustering against this other bill.

Mr. LUDLOW. It is not for that purpose.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Indiana.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 5671, with Mr. SIKES in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. LUDLOW. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, this bill is very properly entitled "An urgent deficiency bill." The situations that it deals with are of sufficient urgency to support the celerity with which it is found necessary to present the bill and to urge its passage. I shall consume very brief time in explaining the provisions of the bill in the order in which they are presented in the measure itself.

The first paragraph relates to amounts to States for old-age assistance, and to dependent children, and in aid to the blind, a deficiency estimate of $10,000,000. There was appropriated for this purpose for the fiscal year 1946, $431,000,000. There has been spent and obligated during the first three quarters of the fiscal year 1946, $323,782,000, leaving a balance of $107,208,000, which is $10,000,000 short of the needs for the fourth quarter. During the fiscal year 1946, 20 States have raised their payments to all three classes, and that has brought about these additional obligations, since under our law we must appropriate on an even basis with the States. The allotments for this appropriation are made quarterly to the States on the basis of advance estimates. To show you how the increased provisions of State statutes have affected the monthly payments, I will cite the specific payments that are authorized by law and which under the original estimate were certain amounts and which under the revised estimate are considerably increased amounts. For instance, under the original estimate the monthly payment for old-age assistance averaged $29.50. Under the revised estimate brought about by these State enactments the monthly payment is $30.70. For dependent children the original estimate was $18.37 a month. Under the revised estimate the amount required is $20.68 a month. The monthly payment in aid to the blind under the original estimate was $30.50. Under the revised estimate it is $31.50. This, as I say, is entirely statutory. We must meet these State obligations on an even basis as they arise, and this appropriation is not only necessary but it is urgent inasmuch as the fund to the Social Security Board for this purpose was completely exhausted on March 4, yesterday.

The second item is for the Veterans' Administration, general administrative funds. The Veterans' Administration ran out of money on March 4, yesterday, consequently this appropriation is vitally necessary at the earliest time it can be passed. There was appropriated for general administrative funds $227,675,000 for the fiscal year 1946. They need an additional $114,000,000. Our committee granted the full amount of the Budget estimate in order that this very important operation may continue without interruption.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Mississippi.

Mr. RANKIN. This is the amount asked for by the Veterans' Administration?

Mr. LUDLOW. It is indeed.

Mr. RANKIN. It is recommended by the Bureau of the Budget?

Mr. LUDLOW. It is recommended by the Bureau of the Budget.

Mr. RANKIN. I congratulate the gentleman and his committee on bringing this legislation in at this time, for the simple reason that the Veterans' Administration is bending every possible effort to take care of the disabled servicemen who are coming home from this war. This money is badly needed. I am glad the committee has seen proper to comply with the request of the Veteerans' Administration, and that they are backed up by the Bureau of the Budget. Here is a summary of the activities of the Veterans' Administration up to February 28, which I am sure will be interesting, as well as gratifying to every Member of the House:

Statistical summary of Veterans' Administration activities, Feb. 28, 1946

Subject	February 1946 [1]	January 1946	July 1945
Veteran population:			
1. Total number of veterans, end of month	14,601,000	13,626,000	6,704,000
2. Number of World War II veterans, end of month	10,610,000	9,630,000	2,680,000
3. Number of veterans of other wars and Regular Establishment, end of month	3,991,000	3,996,000	4,024,000
Vocational rehabilitation (Public Law 16):			
4. Total number of applications filed, end of month	260,127	232,134	89,961
5. Number of applications pending, advisement not initiated, end of month	12,866	13,969	2,794
6. Number in training, end of month	52,242	45,576	16,003
7. Number of regular payments for subsistence allowance made during month	34,553	(2)	12,705
Education and training (Public Law 346):			
8. Total number of applications filed, end of month	1,190,033	751,944	96,828
9. Number of applications pending, eligibility not determined, end of month	159,759	144,164	7,107
10. Number in education or training status, end of month	205,396	136,383	22,319
11. Number of regular payments for subsistence allowance made during month	138,331	(2)	13,281
Loans:			
12. Total number of applications received, last Saturday of month	97,707	72,933	18,835
13. Number of guaranty commitments granted, last Saturday of month	81,395	62,014	15,249
14. Number of applications pending, last Saturday of month	7,953	3,743	1,203
Readjustment allowances:			
15. Number of initial unemployment claims filed during last week of month	207,072	251,981	(3)
16. Number of initial unemployment claims pending determination, end of month	(3)	129,605	3,897
17. Number of veterans paid unemployment allowances during last week of month	1,131,394	833,103	43,286
18. Number of veterans paid self-employment allowances during month	(3)	43,985	11,926
Disability pension or compensation cases (with service on or after Dec. 7, 1941):			
19. Number received during month	[4] 428,545	[4] 324,325	[4] 96,341
20. Number disposed of during month	[4] 268,414	[4] 208,768	[4] 76,563
21. Number pending adjudication, end of month	653,822	506,835	100,959
22. Number of active cases (running awards), end of month	1,108,827	1,015,153	591,762
Disability pension or compensation cases (no service on or after Dec. 7, 1941): [5]			
23. Number pending adjudication, end of month	7,164	6,415	6,540
24. Number of active cases (running awards), end of month	459,337	460,451	460,451
Death pension or compensation cases: [5]			
25. Number pending adjudication, end of month	38,021	38,890	52,902
26. Number of active cases (running awards), end of month	378,910	367,696	289,243
National service life insurance:			
27. Number of applications pending, end of month	72,397	68,953	170,634
28. Number of insured lives on which payments of death claim awards were active, end of month	337,182	331,580	237,993
29. Number of death claims (beneficiaries) awarded during month	7,900	11,618	26,728
30. Number of death claims (beneficiaries) pending, end of month	17,877	16,448	27,901
31. Number of disability claims (waiver of premium) awarded during month	25,631	22,099	31,257
32. Number of disability claims (waiver of premium) pending, end of month	21,732	22,925	29,464
Requests for physical examination:			
33. Number cleared by examination during month	29,497	27,168	28,997
34. Number pending, examination not completed, end of month	179,367	181,009	137,562
Applications for hospital or domiciliary care:			
35. Number received during month	50,429	54,033	49,485
36. Number disposed of during month	46,160	51,967	48,418
37. Number pending, eligibility not determined, end of month	15,576	11,307	6,543
Patients awaiting hospital admission:			
38. Total number, end of month	24,675	17,015	4,329
39. Number with service-connected disorders, end of month	2,146	655	169
40. Number with non-service-connected disorders, end of month	22,529	16,360	4,160
Beneficiaries remaining in Veterans' Administration hospitals or homes:			
41. Total number in hospitals, last Thursday in month	[6] 73,979	72,987	67,320
42. Veterans with service-connected disorders	[6] 24,195	23,903	22,700
43. Veterans with non-service-connected disorders	[6] 49,070	48,384	43,907
44. Other	[6] 714	700	713
45. Total number in homes, last Thursday in month	[6] 11,843	11,520	9,086
Beneficiaries remaining in non-Veterans' Administration hospitals:			
46. Total number, last Thursday in month	[6] 8,816	7,769	4,459
47. Veterans with service-connected disorders	[6] 1,661	1,513	841
48. Veterans with non-service-connected disorders	[6] 7,076	6,190	3,564
49. Other	[6] 79	66	54
Construction—New hospitals:			
50. Number authorized, funds appropriated, end of month	43	42	[7] 21
51. Number for which sites have been selected, end of month	25	23	[7] 16
52. Number for which plans and specifications have been completed, end of month	7	5	[7] 2
53. Number under construction, end of month	3	1	[7] 1
54. Number completed, end of month	0	0	[7] 0
Construction—Additions to existing hospitals:			
55. Number authorized, funds appropriated, end of month	52	52	[7] 36
56. Number for which plans and specifications have been completed, end of month	31	31	[7] 30
57. Number under construction, end of month	20	23	[7] 28
58. Number completed, end of month	9	6	[7] 0

[1] Preliminary; subject to revision.
[2] Total of 140,132 regular payments for subsistence allowance made during January under Public Laws 16 and 346; no break-down available.
[3] Not available.
[4] Includes transfers and cancellations.
[5] Excludes Spanish-American and prior wars.
[6] Data as of Feb. 21, 1946.
[7] Data as of June 30, 1945.

Mr. LUDLOW. I appreciate that contribution by the distinguished chairman of the Committee on World War Veterans' Legislation, whose interest in the veterans is known by all men. We are very glad to have his support.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Kentucky.

Mr. MAY. For general information to be considered in connection with certain legislation that is pending in the House Committee on Military Affairs, I should like to know if the gentleman from Indiana ascertained in the hearings what the probable annual cost of the Veterans' Administration is now, as near as he could get to it.

Mr. LUDLOW. That did not come within the purview of our investigation. We were considering only this deficiency.

Mr. O'NEAL. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Kentucky.

Mr. O'NEAL. I think some of the testimony in the hearings we had yesterday indicated that it would be between $4,500,000,000 and $5,000,000,000 a year.

Mr. RANKIN. If the gentleman will yield, that includes compensation for disabilities and also includes insurance and all the other expenses.

Mr. O'NEAL. That is correct.

Mr. MAY. That is what I wanted to know.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Does the gentleman know of any opposition to the bill at all?

Mr. LUDLOW. Not a bit, I think, either in the committee or in the House. I will say I know of no opposition in any quarter. However, I thought the Committee of the Whole was entitled to a brief explanation of the main provisions of the bill. I may say that this increase of $114,000,000 to the Veterans' Administration is largely due to the number of veterans who have returned beyond the anticipation. When the original appropriation was made the war was still on. Of course, demobilization could not in any way be anticipated, so this is a very easily understandable item.

Mr. RANKIN. Also, the Veterans' Administration has taken over a large number of Army hospitals which were full of disabled veterans, and the Veterans' Administration now has to take over the financial obligation of supporting the veterans in those institutions.

Mr. LUDLOW. That is true. I thank the gentleman for his contribution.

Of the $114,000,000 carried in this bill, about $60,000,000 will be for personnel. Approximately 30,000 additional persons over the country will be needed to take care of this impact of the returning veterans. The remainder of it is administrative expenses.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Pennsylvania.

Mr. RICH. There is in this second deficiency appropriation bill an item of $3,350,000 for forest fires.

Mr. LUDLOW. I am just coming to that, and I will answer the gentleman's question, I am sure, in what I am about to say.

Mr. RICH. I should like to hear what that sum will be spent for.

Mr. LUDLOW. It has been the policy of the Committee on Appropriations since my memory runneth not to the contrary to allow a token appropriation at the beginning of each fiscal year providing for forest-fire control in the amount of $100,000. Then as the year went on and the fires occurred, a careful accounting was made, and the Forest Service always came in in the second half of the year and gave us a statement of the amount that had been expended up to that time, with an estimate of the amount that would be required for the remainder of the fiscal year.

Mr. RICH. Have they spent $100,000 then up to this time?

Mr. LUDLOW. They have spent through December the amount of $3,042,146. They estimated they would need for the last half of the fiscal year $540,854. We cut that amount because the expenditure is conjectural. No one can foresee or in any way even estimate the requirements. So we cut it to $407,854. We allowed them altogether $3,350,000, of which, as I have said, $3,042,146 has already been spent as of December 31.

Mr. RICH. From the figures you gave, the amount they asked for was $700,000 or $800,000. I cannot understand, then, why you gave them $3,350,000.

Mr. LUDLOW. I thought I had made clear that at the beginning of every year we make a token appropriation. It is nothing more than a token appropriation of $100,000. They go ahead under the latitude they have and fight fires. Of course, fires have to be fought and have to be put out. Then they spend whatever is necessary and come back to us to give an accounting in the latter part of the year. They came back to us and gave us this account, that the fires had been numerous, and they had spent up to December $3,042,146.

Mr. RICH. How does that compare with the year before?

Mr. LUDLOW. It is somewhat more. There have been more fires.

Mr. O'NEAL. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. O'NEAL. It is somewhat comparable to the years 1940 and 1941. The last 2 or 3 years have not been so bad as far as fires are concerned, for climatic reasons, and so forth. Therefore, they did not require that amount of money. But this is money that they have actually spent.

Mr. LUDLOW. That is correct. There is a fluctuation from year to year, but over the long range of years it runs rather stable. This is a typical annual appropriation.

Mr. LEWIS. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. LEWIS. Is there any item in the bill for the Big Sandy River in West Virginia?

Mr. LUDLOW. This bill just covers a few urgent items.

Mr. LEWIS. Then that is not contained in this bill?

Mr. LUDLOW. That is not in the bill.

As the committee can readily appreciate, the foreign mail-transportation situation by boat has been very uncertain and precarious due to war conditions. The appropriation this year was $400,000, which in itself is largely a token appropriation. The expenditure runs four or five million dollars a year normally. But the War Shipping Administration has been carrying the mails without any burden on this appropriation. The War Shipping Administration intends to relinquish that service soon but no one knows when. The War Shipping Administration itself does not know. The department came in with an estimate of $2,844,000, but because of the uncertainty of the situation and the undetermined factor as to the time of relinquishment by the War Shipping Administration, we cut the appropriation to $1,200,000, which we think will be ample. In any event, no harm will be done. The mails will be carried, and if there should be a shortage of funds they will come back and ask for a deficiency appropriation and all will be well.

Mr. RICH. What is Mr. Hannegan going to say to you for giving him $1,200,000 when he wanted $2,840,000?

Mr. LUDLOW. I have not heard from Mr. Hannegan.

Mr. RICH. You will hear from him because every man has heard from him in the last 2 or 3 days. You are going to find out you will hear from him again.

Mr. LUDLOW. I like Mr. Hannegan and I am sure that when he contacts us the meeting will be pleasant. I believe, however, we will be able to give him a very good answer. We are carrying in this bill an authorization for the reestablishment of the seapost service.

We were asked to remove the limitation of $662,000 which we have carried as a ceiling on the amount that could be spent for personal services in the Office of Chief of Engineers in the District of Columbia. This was requested for two reasons: First, because the $662,000 limitation would not cover the cost of Public Law 106; and, second, because the expanded program makes necessary the employment of a group of technical assistants with a considerable salary obligation. We are always loath to eliminate these salary limitations from our appropriation bills, so we decided that a limitation shall be carried as heretofore, but that the amount of the limitation shall be raised from $662,000 to $850,000. The increase of $188,000 will cover these items: Cost of Public Law 106, $172,700; in-grade promotions—statutory—$3,042; additional personal services, $12,258.

(Mr. LUDLOW asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from New York [Mr. TABER] is recognized for 15 minutes.

Mr. TABER. Mr. Chairman, this bill presents some absolutely urgent deficiencies which have to be made. It includes, among other items, $114,000,000 for the Veterans' Administration to take care of needed hospitalization of veterans. I think we are all, without exception, for it.

The thing I want to call attention to with reference to the bill is the complete collapse of the Bureau of the Budget in their operation of screening appropriations that they send up to us. There was a budget estimate sent up for $2,844,000 for the foreign-mail transportation item in the Post Office Department. That is an item that can be figured out mathematically. When the gentleman from Indiana [Mr. LUDLOW] got through with the gentleman from the Post Office Department he was down from $2,844,000 to $1,844,000, and when I got through with him he was down to $1,200,000. This was a current presentation by the Bureau of the Budget. Why they send up estimates of that character is beyond me. It must be that they do nothing and screen nothing. That is a fair sample of the way they have been operating.

While I have the floor I desire to call attention to one of the operations of the Office of Price Administration. I have before me a news letter gotten out by the Office of Price Administration, Information Division, from the Syracuse-Kemper Building, Syracuse, N. Y., on the 15th of February 1946, at a time when the OPA was before the Congress asking for a deficiency item of $1,854,000 that was voted on in the House. Those who pay any attention to their responsibilities voted against it.

This particular set-up in this particular office is costing the Government

$6,500 a year in that district office. Let me read to you a poem that they send out so that you may know the kind of things Government money is being wasted on:

(Dedicated to Betty Clapsaddle—with apologies to Don Wahn)

Sing if you will of lovely inn's
And the wraith of a one-time love,
Sing if you wish to a sickle moon
Hung low in the sky above—
But what to him are crimson lips,
What the peach blow saint,
That soap ad's use as beauty tips
When the gray man dreams—but aint.

Starlit lanes in lilac time,
Fragrance of magic Ind,
Roses red blown in June land mine
The kiss of a Southern wind—
Ah me—oh my—to a sad gray man
Are pain and pleasure, too
And a lilt from the pipe of Peter Pan,
But—what can a gray man do.

* * * * *

Ah! Good morning papa Cuddy,
Please take a bow from me,
I trust the mama's doing well
Since the jump to seventy-three—
And methinks such virile manhood
Is worthy of a fame,
To quite outshine that Canuck guy—
(Now, what the heck's his name?)

—*Crabscanlan.*

Now, imagine! $1,854,000 in the deficiency appropriation and that kind of stuff going on all over the United States. I wonder how long the American people are going to put up with such tripe?

Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. BENDER].

Mr. BENDER. Mr. Chairman, I am taking this time to call attention to some startling revelations coming out of the hearings now being held by the Committee on Expenditures in the Executive Departments.

Only this morning we learned that in the European theater property declared surplus up to February 1 totaled $892,000,000. Of this $382,000,000 was disposed of for $72,000,000. I repeat, $382,000,000 of surplus was disposed of for $72,000,000. That $72,000,000 did not represent good American cash, but credits to foreign governments, credits granted to our late enemies as well as to our friends extending over a 30-year period. According to testimony offered by a witness who knew his figures, Britain received $1,200,000,000 worth of property at a cost to them of $522,000,000, and that was not paid for by the British coin of the realm, that was sold on tick. This has no relation to the British loan now under discussion. This is extra.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. BENDER. Yes; I yield to my distinguished friend.

Mr. RICH. The only mistake I ever heard the gentleman make on the floor of the House was when he said "a gentleman who knows his facts"; the gentleman meant "a gentleman who thinks he knows his facts"; and when he stated that he was a member of the policy-making commission on the disposition of surplus property in foreign countries that had been turned over to them. People in this country do not even know what American property there is in foreign countries; they only make a policy here for those in foreign countries representing us in the sale of surplus property to follow.

I do not mean to criticize the gentleman because he is always correct, but as far as that gentleman he refers to knowing anything in reference to the sale of surplus property, he knew very little. As a matter of fact, he did not know anything about it.

Mr. BENDER. The gentleman is questioning the veracity of the witness. The gentleman does not question the figures that were presented to us as factual. They are factual.

What does this surplus property consist of? It consists of articles that we could use very well in the United States of America and that there is a crying need for, such as trucks, clothing, farm machinery, and other commodities that we are short of and for which we are paying premium prices in America today. Our own taxpayers are compelled to pay premium prices for commodities which we are turning over to foreign governments for a song.

When we come in here with a deficiency appropriation bill we ought to think about what we are doing with the property that belongs to the United States Government. We are in the hole now to the extent of $300,000,000,000. We have no right to squander our substance in this manner.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

If there are no other requests for time the Clerk will read the bill for amendment.

The Clerk read as follows:

TITLE II—GENERAL PROVISIONS

SEC. 201. No part of any appropriation contained in this act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates the overthrow of the Government of the United States by force or violence: *Provided,* That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further,* That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation contained in this act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both: *Provided further,* That the above penal clause shall be in addition to, and not in substitution for, any other provision of existing law.

Mr. RICH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the following provision is contained in this bill:

Provided further, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence—

And so forth. Mr. Chairman, we do not want anybody who advocates the overthrow of our form of government to be paid any money from Government funds, therefore we put the above provision in practically all the appropriation bills. But what is the true situation? Just look at our country today, during the period of reconversion. All of you Members of Congress have witnessed the things that are going on today in this country in the form of strikes now taking place when the country is vitally in need of all the production of important essentials that every industry in the United States should be able to furnish the people of our country. There are people employed by the Government of the United States who are not in accord with our Constitution or form of government; they advocate doctrines that are diametrically opposed to good, sound government. They are communistic in their views and actions. They would overthrow our Government if they could.

Mr. Chairman, some of the men who are causing these strikes are more interested in what they can get themselves than they are in production or than they are in the interest of the men they request to go on strike. In my opinion the rank and file of labor in this country will go to work and produce the commodities in every line that the people of America need, if they were not hindered by reactionaires. It seems to me, though, that there are in the Government men receiving money in some manner for encouraging strikes and disorder. Is it good for the country? Do our people like it? Should not we get to work? I say, "Yes, by all means."

It is vital that we get down to the crux of this situation and have our FBI investigate a lot of people we have in the Government and on the pay roll to see if something cannot be done to permit the American people who want to work, who want to produce, to go ahead and go to work and carry on business in the natural way, in the usual way permitting any difficulties that might arise to be arbitrated so that this country can once again get on its feet, so that industry might be able to furnish the maerial that our individual citizens so thoroughly need. What do we gain by having such shutdowns in our establishments, everybody loses. The workers lose, the management loses, the Government loses, all of our people are prohibited from securing what they would like to have. Arbitration is the most vital need of our country in reconversion. When I do not work I do not produce. If I do not produce, then I am a hindrance to the balance of our citizens; so it may be multiplied a hundred or thousand fold if the strikes continue. It is very imperative and it is very important, and I think that we ought to do something to ferret out just what the acual cause is, because I have an idea that there are subversive activities going on in this nation that are seeking to have the President take over all these industries and make this a communistic government. I firmly believe that, and it is about time that we do something to find out if that is the case, and if it is, to stop it, and to stop it immediately before we get any further into this mess, because it is so vital and so essential to the welfare of every citizen of the United States that we act, and that we act at once. Any person or persons who advocate any "ism" except Americanism should be given a ticket to that land that he would have us emulate or that thinks some

other land better than ours—if he does, let him go there.

Mr. BIEMILLER. Mr. Chairman, I rise in opposition to the pro forma amendment.

(Mr. BIEMILLER asked and was given permission to revise and extend his remarks.)

Mr. BIEMILLER. Mr. Chairman, the gentleman from Pennsylvania just made some references to arbitration in labor-management controversies and asked why some of these disputes were not arbitrated. I would like to remind the members of this committee that in the General Motors strike, which has now become a lock-out—the most important labor dispute in the United States today—the United Automobile Workers on two different occasions offered to arbitrate the dispute. In both instances the General Motors Corp. management refused to arbitrate the dispute.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. BIEMILLER. I will be delighted to yield.

Mr. RICH. Does the gentleman consider it real arbitration when Mr. Reuther, who is leading this strike, and who it is said has wanted to arbitrate from the beginning, now wants to take what General Motors has already agreed to, 18½ cents an hour, and then arbitrate from there on up? That is not arbitration. That is only taking what they have already granted and then letting Mr. Reuther try to get what he said he was going to demand, that "We get everything that we want or we are not going to do anytning." That is not arbitration; that is getting all they can get, then arbitrate the difference. Mr. Reuther was born and educated in Russia and wants us to pattern after that form of government; as for me, my people, I want nothing of that sort.

Mr. BIEMILLER. I am very happy to answer the question raised by the gentleman from Pennsylvania. It is evident, I fear, as is so frequently the case, that he has not followed the General Motors situation very carefully. The original offer of the union to arbitrate, the first one to which I referred, was made before the strike was called. General Motors management refused to accept that offer of arbitration. They turned it down in a very high-handed and arbitrary manner.

In the second place, it is not an unusual procedure in labor disputes to have a union agree to work upon certain terms that have been agreed upon and arbitrate all other matters on which agreement has not been reached. I think that that point ought to be clearly understood by any of us who are discussing labor relations at the present time.

I have repeatedly urged on this floor, in hearings before committees, in public speeches, in every place I have spoken, that the best means of solving any labor-management dispute which cannot be resolved around the conference table is by going to voluntary arbitration. I think that General Motors stands condemned on two different occasions in this present situation for refusing to accept the offer of the union to arbitrate its difficulties.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. BIEMILLER. I refuse to yield further. I simply wanted to take the floor at this time to straighten out any misapprehension which might have been created by the remarks the gentleman from Pennsylvania made regarding refusal to arbitrate. There has been refusal to arbitrate, but the entire blame in the General Motors situation rests on the side of management.

Also I believe the Members should note the development of the past 2 days in the dispute. When the GM management turned down the last arbitration offer they countered with a proposal that some neutral agency poll all GM workers, asking them whether or not they would accept the "final" offer of the company. The Washington Post made a pertinent editorial remark on this maneuver, which I include with my remarks at this point:

AUTO-INTOXICATION

No doubt Mr. Harry W. Anderson, vice president of General Motors, would have been irked if the Auto Workers Union had asked him to conduct a secret vote among the corporation's stockholders to determine whether they supported his refusal to meet the demands of his employees. Yet, Mr. Anderson has asked Mr. R. J. Thomas, president of the UAW-CIO, to "conduct a secret vote among our employees to determine whether they wish to return to work." There has already, of course, been a secret vote among General Motors employees authorizing their leaders to call the strike, now more than 100 days old. No such poll of opinion has ever been made among the stockholders. In the light of these circumstances, the union's qualified acceptance of Mr. Anderson's proposal seems a constructive contribution toward settlement.

The UAW-CIO was willing to go back to work on the terms recommended by the President's impartial fact-finding board, which provided for a 19½-cent wage increase. The corporation, as it had a right to do, rejected these terms. The union then offered to end its strike by tentative acceptance of the 18½-cent wage increase which General Motors offered belatedly, with the final settlement to be determined by arbitration. The corporation, as it indubitably still has a right to do, now refuses arbitration. In the circumstances there seems to be logic behind the inference drawn by Mr. Thomas that "they dare not face arbitration, for they know they would lose with any fair-minded arbitrator." The officials of General Motors seem to be insisting upon a last-ditch test of economic strength and to be relying for victory less upon the support of public opinion than upon the exigencies of hunger among their striking workers. They have now succeeded in making the situation seem not so much a strike as a lockout.

The union's counterproposal is to poll the workers on two questions—first, the company proposal; second, on the question of whether or not they favor the union's proposal to return to work on the basis of the terms offered by the company and submit all remaining issues to arbitration, the arbitrator to be appointed by President Truman.

Surely the union is meeting the management more than half way. If the management will not accept this proposal they certainly show they are more interested in acting as industrial feudal lords than they are in resolving the present dispute and resuming production.

What has the GM management to fear from arbitration?

Mr. HOFFMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, some folks are beginning to wonder what the General Motors strike is about. Some are now in doubt as to whether that strike was called in good faith for the purpose of increasing wages, getting better working conditions, for the employees of General Motors, or whether it was called to determine who should be president of UAW-CIO; whether General Motors stock could be so affected by the strike and rumored settlements as to afford an opportunity for speculators to buy and sell, to make millions, on the stock market; whether General Motors itself might be wrecked and Kaiser—the darling of the unions and of the administration and a possible General Motors competitor—be placed in such a competitive position that the company headed by him might make millions out of the manufacture and sale of motor vehicles.

General Motors has offered—and I hold none of their stock nor do I hold a brief for them—to pay as high a rate as any other motor industry. The company also proposed submitting the issue as to whether its latest offer be accepted to the rank and file of the workers. Apparently, Reuther wants none of that proposition. Presumably, he is drawing his compensation while the workers—the men in overalls and the men with dirt on their hands—go without their pay checks.

These strikes began when some spokesmen for this administration broadcast to the public and more especially to employees holding jobs in the larger industries that employers could pay a 20-percent increase in wages without any increase in the price of the things they had to buy. That was a direct bid for everyone who was working to demand and go on demanding higher wages until employers paid at least a 20-percent increase or complied with Reuther's demand for a 30-percent increase.

It was, too, encouragement for employees whose demands were not met to go on strike, and this without any knowledge as to whether the employers could or could not pay such an increase and continue to provide jobs.

When General Motors employees went on strike, what happened? Note the following, which point to some of the methods of coercion and intimidation used by the administration in behalf of its political allies, the UAW-CIO and the PAC.

When the employees of General Motors went on strike, one of the first things that happened was the filing of a charge of unfair labor practices by the National Labor Relations Board against General Motors.

That was one—just one—of the methods used by the administration of informing General Motors that it had better comply with the demands of Walter

Reuther, who never gave jobs, who never employed any large group of men.

The cost in time and money to General Motors in defending itself against these charges is no small item. When the time of management should have been devoted to reconversion, to negotiations looking toward the settlement of the labor dispute, the National Labor Relations Board—the persecution arm of the administration—compels it to attend hearings.

Then we were told through the press that the Justice Department was going to prosecute General Motors and some other companies because of a claimed violation of the antitrust laws. That was the second blow from the side, or behind, whichever you want to take it. Just another way of putting the screws to General Motors; just another way of applying the heat; just another way of depressing the stock market; just another step looking toward the wrecking of General Motors.

Was that investigation, the threatened prosecution, inspired by financial interests wishing to beat down the value of General Motors stock; acquiring a controlling interest? Or was it inspired by the "Reds," the communists, who would like to see an end to the private enterprise system?

Did the inspiration for these procedures against General Motors come from the British Labor Government, from Stalin, both of whom say that capitalism and private enterprise are on the way out?

But that was not all.

Then there came another threat. What was it? We were told through the press that, if General Motors did not settle this strike and give in to the demands of Mr. Reuther, and do it without delay, all their material on hand would be taken away from them and given to others.

When the administration made that threat, did it contemplate robbing General Motors of its supplies and giving those supplies to Kaiser?

Sometimes I wonder just who is back of Kaiser; just what financial interests are backing him and whether it would profit them if General Motors—Kaiser's competitor in the days to come, if General Motors can live through this persecution—would be put out of business.

The Federal Government has no right to take that material and the Justice Department knows it. But that was another threat; a little more intimidation—coercion. That is what it is.

Nor is that all. You remember the pictures in the press where, when these wage demands were being considered, they were talking about a fact-finding board. You remember the picture of Mr. Murray, head of the CIO, coming out of the White House arm in arm with Mr. Kaiser—both of them having received the President's blessing for the settlement made.

Why should not Kaiser and Murray, co-allies of the administration on the political front, make that kind of an agreement?

Let me tell you why Kaiser and Phil Murray were able to get together on wages.

General Motors, Ford, Chrysler, and the other motor companies who have been in business have their present and future prices fixed on the prices for which they sold cars over a base period in 1942. Under OPA rules, their prices are held down, but no such rule is applied to the products of Mr. Kaiser. Kaiser has no background, so along comes the OPA and gives Kaiser the price he wants.

General Motors and Kaiser's competitors must sell their products at a price fixed on what they paid for labor and materials in 1941 or 1942, but OPA, in giving Kaiser a price, bases that price upon what he pays now for both labor and material.

If the administration knows of any other way to favor Kaiser, to hurt General Motors, I cannot at the moment think of it.

Then, to help Kaiser out, the Government leases him Willow Run, or sells it to him, I do not know which, for a nominal sum, and does the same with certain aluminum plants, and that gives him another "in"—another advantage.

Oh, yes; that is a slick scheme this administration has on hand, this little conspiracy, if you want to call it that—the facts indicate that—between the Administration and its political allies in the CIO and the PAC—just a trading of dollars—of a market—in return for votes.

"We will fix General Motors," say the wreckers. "We will break General Motors," say those who want to see the end of private enterprise. In the days to come, what happened to General Motors, if Reuther has his way, may be held up as a horrible example of what happens to anyone who opposes the demands of a labor leader.

Then there is another angle which shows that Reuther and his policies are of no real benefit to the men who work.

Every other—no, not every other—almost every other motor company which has been involved in a strike has had the strike settled. A dozen or more strikes have been settled, but not the Reuther-inspired strike. Why? Because Reuther is a gentleman who, when he and his brother went to Russia, wrote back to the home folks, "Work for a Soviet America." That is what he is trying to establish in Detroit.

What does Reuther care for the wives, for the children, of the men he has called out on strike? He is living in comfort. What does he care about the veterans who want jobs? He did not enlist. He was deferred, although he had neither chick nor child at the time, on the ground of dependency. He was deferred, even though his wife, employed as his secretary, was paid a thousand dollars a year. He was deferred because, it was said, he would promote good labor relations between the union and the employer.

Reuther has two objectives. The presidency of the UAW-CIO is one; and ruining General Motors if he can is the other. The sad part of it is that, if he succeeds and some little group in New York gets control of General Motors and they cannot make it operate at a profit, the men who are in his union will be out of jobs.

Those workers who followed the lead of Walter Reuther have today, although their every increase be granted, lost more than the additional amount which they can earn at the increased wage, even though they are steadily employed, in the next 5 years.

Our sympathy should go out to those employees who have been misled by Reuther. Let them remember that Ford and Chrysler and Briggs and a half dozen other companies negotiating with other labor leaders not bent upon the attainment of some personal political advantage, not inspired by animosity against General Motors or its management, have settled their strikes, and their employees are either back at work or shortly, as soon as the plants can be opened, will be back at work.

More than a million employees who were on strike have, through their union representatives, obtained adjustments of their grievances, which gave them substantial advantages. But Reuther—Walter Reuther—who received a part of his education in Russia; who adheres quite closely to the communistic party line, led General Motors employees into a strike which has cost them millions of dollars in wages which can never be recovered.

And the administration has indulged in a campaign of coercion and intimidation which would be a disgrace to the government of any civilized nation.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. LUDLOW. Mr. Chairman, I move that debate on this section and all amendments thereto do now close.

The motion was agreed to

The Clerk concluded the reading of the bill.

Mr. LUDLOW. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SIKES, Chairman of the Committe of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. LUDLOW. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day.

The Clerk will call the first individual bill on the Private Calendar.

IDA F. BRAUN ET AL.

The Clerk called the bill (H. R. 1782) for the relief of Ida F. Braun, Alice Braun Menges, and Carl J. Braun, individually and as executors of the estate of Hedwig W. Braun, deceased, and as legatees and beneficiaries of the will of Hedwig W. Braun, deceased, and as the sole parties in interest by succession under the last will and testament of Hedwig W. Braun, deceased, and under the last will and testament of Herman W. Braun, deceased.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

MEMPHIS PARK COMMISSION

The Clerk called the bill (S. 176) for the relief of the city of Memphis, Tenn., and Memphis Park Commission.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any funds in the Treasury not otherwise appropriated, to the city of Memphis, Tenn., and the Memphis Park Commission, the sum of $45,000, in full settlement of all claims against the Government of the United States for compensation for damages sustained by said city and its park commission on account of the destruction of the building known as the Woman's Building and its fixtures and equipment located in the fair grounds of said city by fire on January 19, 1943, occasioned by the negligence of agents and representatives of the United States Army, who, at the time, were in possession and control of said building, together with a large portion of the Memphis Fair Grounds and improvements thereon, for use exclusively for the purpose of a military reservation under lease thereof by the city of Memphis to the United States, wherein, in effect, the United States agreed that it would restore the leased premises to the same condition as that existing at the time of entering upon the same in the event of the damage or destruction thereof occasioned by the negligence of the lessee: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JAMES HAROLD NESBITT

The Clerk called the bill (H. R. 2843) for the relief of the legal guardian of James Harold Nesbitt, a minor.

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

VIRGE McCLURE

The Clerk called the bill (H. R. 1269) for the relief of Virge McClure.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Virge McClure, of Canton, N. C., the sum of $1,000, as full compensation for hospitalization and medical care, growing out of an injury received by said Virge McClure, who at the time was a member of local draft board No. 2, Haywood County, N. C., of the Selective Service System, and who was attacked and seriously injured by a registrant of said board, because of the classification which had been given him by the said Virge McClure and other members of such board.

With the following committee amendment:

Page 1, line 6, strike out all after "$1,000" down to and including line 4 on page 2, and insert "in full settlement of all claims against the United States for personal injuries, medical and hospital expenses sustained as the result of an attack by a registrant of local draft board No. 2, Haywood County, N. C., of the Selective Service System, on May 12, 1943: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

OWEN YOUNG

The Clerk called the bill (H. R. 3524) for the relief of Owen Young.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Owen Young, of 8 Westervelt Avenue, Tenafly, N. J., the sum of $1,000, in full settlement of all claims against the United States for personal injuries sustained on July 11, 1941, when he was struck by a vehicle of the United States Engineer Department, of the New York district, in New York City, N. Y.

With the following committee amendments:

Page 1, line 7, strike out "$1,000" and insert "$350."

Page 2, line 1, insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HOWARD FRANCIS WALDRON

The Clerk called the bill (S. 976) for the relief of the estate of Howard Francis Waldron.

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

KILPATRICK BROS. CO.

The Clerk called the bill (H. R. 3985) for the relief of Kilpatrick Bros. Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Kilpatrick Bros. Co., a Nebraska corporation, having its principal office at Beatrice, Nebr., owning and operating a grazing range in Sioux County, Nebr., the sum of $2,851.09, in full satisfaction of its claims against the United States for compensation for property damage sustained by it as a result of range fires caused in the year 1943 by training operations of the United States Army Air Forces in Sioux County, Nebr. Acceptance of the benefits hereby provided shall not be regarded as covering damages sustained by said Kilpatrick Bros. Co. as a result of range fires caused in the year 1944 and subsequent years by training operations of the United States Army Air Forces, at or in connection with the Sioux County Bomber Range in Sioux County, Nebr. Such claims now existing and such claims as may hereafter arise in favor of said Kilpatrick Bros. Co. shall in nowise be prejudiced by this act: *Provided*, That no part of the amounts appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

On page 1, line 8, strike out "$2,851.09" and insert "$2,044.09."

Line 9, strike out "its" and insert "all."

Page 2, after "Nebraska", strike out the balance of the line down to and including the word "act" on line 11.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CALVERT DISTILLING CO.

The Clerk called the bill (H. R. 4208) for the relief of the Calvert Distilling Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That (1) anything in its capital-stock tax return for the year ending June 30, 1945, to the contrary, the declared value of the capital stock of the Calvert Distilling Co., of 405 Lexington Avenue, New York 17, N. Y., for the year ended June 30, 1945, shall be deemed to be $120,000,000 for the purpose of determining its liability under chapter 6 of the Internal Revenue Code for the year ending June 30, 1945; and (2) for the purpose of determining its liability under section 600 of the Internal Revenue Code for its fiscal year ending July 31, 1945, and for all other purposes where

79TH CONGRESS
2D SESSION

H. R. 5671

IN THE SENATE OF THE UNITED STATES

MARCH 8 (legislative day, MARCH 5), 1946

Read twice and referred to the Committee on Appropriations

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, to supply urgent
5 deficiencies in certain appropriations for the fiscal year ending
6 June 30, 1946, and for other purposes, namely:

7 INDEPENDENT EXECUTIVE AGENCIES

8 FEDERAL SECURITY AGENCY

9 SOCIAL SECURITY BOARD

10 Grants to States for old-age assistance, aid to dependent
11 children, and aid to the blind: For an additional amount,

1 fiscal year 1946, for "Grants to States for old-age assistance,
2 aid to dependent children, and aid to the blind", $10,000,000.

3 VETERANS' ADMINISTRATION

4 Administration, medical, hospital, and domiciliary serv-
5 ices: For an additional amount, fiscal year 1946, for "Ad-
6 ministration, medical, hospital, and domiciliary services",
7 including the objects specified under this head in the Inde-
8 pendent Offices Appropriation Act, 1946, $114,000,000.

9 DEPARTMENT OF AGRICULTURE

10 FOREST SERVICE

11 Fighting forest fires: For an additional amount, fiscal
12 year 1946, for "Fighting forest fires", $3,350,000.

13 POST OFFICE DEPARTMENT

14 (Out of the postal revenues)

15 OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL

16 Foreign mail transportation: For an additional amount,
17 fiscal year 1946, for "Foreign mail transportation", includ-
18 ing the objects specified under this head in the Post Office
19 Department Appropriation Act, 1946, $1,200,000, of which
20 amount the sum of $3,000 is hereby made available for the
21 establishment of an Office of Assistant Director, Division of
22 International Postal Service, with headquarters at New
23 York, New York, preparatory to the reestablishment of Sea
24 Post Service on July 1, 1946.

1 WAR DEPARTMENT—CIVIL FUNCTIONS

2 CORPS OF ENGINEERS

3 RIVERS AND HARBORS AND FLOOD CONTROL

4 The amount of $662,000 named in the proviso under
5 the head of "Rivers and harbors and flood control" in the
6 War Department Civil Appropriation Act, 1946, upon ex-
7 penditures for personal services in the Office of the Chief
8 of Engineers, is hereby increased to $850,000, such revised
9 amount to include the cost on account of such personal
10 services of the Federal Employees Pay Act of 1945 (Public
11 Law 106).

12 INCREASED PAY COSTS

13 For such sums as may be necessary, not to exceed the
14 respective amounts named in House Document Numbered
15 437, Seventy-ninth Congress, for making payments during
16 the fiscal year 1946 in consequence of the Federal Em-
17 ployees Pay Act of 1945 (Public Law 106), and of the
18 Act entitled "An Act to reclassify the salaries of post-
19 masters, officers, and employees of the Postal Service; to
20 establish uniform procedures for computing compensation;
21 and for other purposes", approved July 6, 1945 (Public
22 Law 134), from appropriations as follows:

23 National Archives: Salaries and expenses;

1 Railroad Retirement Board:

2 Salaries;

3 Miscellaneous expenses, other than salaries;

4 Smithsonian Institution:

5 Salaries and expenses;

6 Salaries and expenses, National Gallery of Art;

7 Department of Agriculture:

8 Bureau of Entomology and Plant Quarantine:

9 Insect investigations;

10 Insect and plant disease control;

11 Foreign plant quarantines;

12 Department of Commerce:

13 Office of Administrator of Civil Aeronautics: Main-

14 tenance and operation of air-navigation facilities;

15 Weather Bureau: Salaries and expenses;

16 Post Office Department (out of the postal revenues):

17 Office of the First Assistant Postmaster General:

18 Compensation to postmasters;

19 Compensation to assistant postmasters;

20 Clerks, first- and second-class post offices;

21 Clerks, third-class post offices;

22 City delivery carriers;

23 Office of the Second Assistant Postmaster General:

24 Railway mail service;

25 Railway postal clerks, travel allowance;

1 Office of the Fourth Assistant Postmaster General:
2 Vehicle service;
3 Public buildings, maintenance and operation:
4 Operating force;
5 Treasury Department:
6 Custody of Treasury Buildings: Salaries of operat-
7 ing force;
8 Bureau of Internal Revenue: Salaries and expenses;
9 Secret Service Division:
10 Salaries;
11 Suppressing counterfeiting and other crimes;
12 Salaries and expenses, guard force, Treasury
13 buildings;
14 War Department—Civil functions:
15 Quartermaster Corps: Cemeterial expenses:
16 *Provided,* That the obligations incurred and expendi-
17 tures made for such purposes under the authority of this
18 Act shall be charged to any appropriations therefor in the
19 Second Deficiency Appropriation Act, 1946, when enacted:
20 *Provided further,* That any restrictions heretofore made ap-
21 plicable to any of the foregoing appropriations, which limit
22 the amounts which may be expended for personal services
23 or for other purposes, or amounts which may be transferred
24 between appropriations or authorizations, are hereby waived

1 to the extent necessary to meet increased pay costs as pro-
2 vided for herein.

3 TITLE II—GENERAL PROVISIONS

4 SEC. 201. No part of any appropriation contained in
5 this Act shall be used to pay the salary or wages of any
6 person who advocates, or who is a member of an organiza-
7 tion that advocates the overthrow of the Government of the
8 United States by force or violence: *Provided,* That for the
9 purposes hereof an affidavit shall be considered prima facie
10 evidence that the person making the affidavit does not ad-
11 vocate, and is not a member of an organization that advo-
12 cates, the overthrow of the Government of the United
13 States by force or violence: *Provided further,* That any per-
14 son who advocates, or who is a member of an organization
15 that advocates, the overthrow of the Government of the
16 United States by force or violence and accepts employment
17 the salary or wages for which are paid from any appropria-
18 tion contained in this Act shall be guilty of a felony and,
19 upon conviction, shall be fined not more than $1,000 or
20 imprisoned for not more than one year, or both: *Provided*
21 *further,* That the above penal clause shall be in addition to,
22 and not in substitution for, any other provision of existing
23 law.

1 SEC. 202. This Act may be cited as the "Second
2 Urgent Deficiency Appropriation Act, 1946".

Passed the House of Representatives March 5, 1946.

Attest: SOUTH TRIMBLE,
Clerk.

79TH CONGRESS
2D SESSION

H. R. 5671

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

MARCH 8 (legislative day, MARCH 5), 1946

Read twice and referred to the Committee on Appropriations

Nov.
12

SENATE HEARINGS ON AGRICULTURAL
DEPARTMENT APPROPRIATION BILL, 1946,
(H. R. 5671)

Mr. Lawton, Budget Bureau, explains requests for increased amounts for salaries under Federal Employees Pay Act (pp. 1-3).

Sen. McKellar opposes "swapping of funds among the various departments" (pp. 3-6).

Sen. McKellar opposes leaving out the specific amounts of the appropriations for salaries (pp. 6-7).

Mr. Lawton explains amounts included to cover overtime and the authorization for it (pp. 7-11,40-1).

Mr. Lawton gives increased personnel costs for E&PQ activities (p.11).

General discussion of reduction of number of employees in Government (pp. 13-16).

Budget Bureau statement on cost of Government informational activities (pp. 16-19)

Mr. Lawton and Sen. Overton discuss annual report, 1939-45, showing by agency the number of Federal employees, average number during year, and cost of personal services (pp. 38-40, 69).

Mr. Lassater's statement on number of veterans' FSA loan applications and estimated amounts needed (pp. 56-60).

Discussions of FSA loan procedure and attitude of banks (pp. 60-2)

Discussion of veteran's complaints on loan procedure (pp. 64-68)

SECOND URGENT DEFICIENCY APPROPRIATION BILL FOR 1946

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

SEVENTY-NINTH CONGRESS

SECOND SESSION

ON

H. R. 5671

AN ACT MAKING APPROPRIATIONS TO SUPPLY URGENT DEFICIENCIES IN CERTAIN APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 1946, AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations

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SECOND URGENT DEFICIENCY BILL, 1946

TUESDAY, MARCH 12, 1946

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met, pursuant to call, at 10:30 a. m., Hon. Kenneth McKellar (chairman of the subcommittee) presiding.

Present: Senators McKellar, Hayden, Russell, Overton, McCarran, Thomas, Ball, Ferguson.

Senator MCKELLAR. We will proceed.

BUREAU OF THE BUDGET

INCREASED PAY COSTS

STATEMENT OF F. J. LAWTON, ADMINISTRATIVE ASSISTANT

Senator MCKELLAR. All right, sir, will you have a seat and give your full name to the secretary?

Mr. LAWTON. F. J. Lawton, Administrative Assistant, Bureau of the Budget.

Senator MCKELLAR. Mr. Lawton, we want to ask you about this item of increased pay costs, starting on page 3 of the bill:

> For such sums as may be necessary, not to exceed the respective amounts named in House Document Numbered 437, Seventy-ninth Congress, for making payments during the fiscal year 1946 in consequence of the Federal Employees Pay Act of 1945 (Public Law 106), and of the Act entitled "An Act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation; and for other purposes", approved July 6, 1945 (Public Law 134), from appropriations as follows:
> National Archives: Salaries and expenses;
> Railroad Retirement Board: Salaries; Miscellaneous expenses, other than salaries;
> Smithsonian Institution: Salaries and expenses;
> Salaries and expenses, National Gallery of Art—

and so on down the line.

AMOUNT NEEDED FOR INCREASED PAY

How much money is that?

Mr. LAWTON. $227,565,500.

QUESTION AS TO WHY AMOUNT WAS NOT INCLUDED IN BILL

Senator MCKELLAR. Why was that not put in the bill?

Mr. LAWTON. I do not know why the House treated it that way, except that they state in their report that the items themselves would

be included in the regular second deficiency bill, and these items have been lifted out because the money was needed before they anticipated the deficiency bill would pass.

Senator McCarran. That is not clear to me, but maybe I am just not clear.

Senator McKellar. Well, I would like to know what they are doing.

Mr. Smith. The second deficiency bill will be coming along very shortly. They wanted to keep all of the pay increase in one bill. This is a charge against those pay increases in the second deficiency bill.

AMOUNT FOR SALARIES AND EXPENSES FOR NATIONAL ARCHIVES

Senator McKellar. Can you give me the amount of the National Archives salaries and expenses that you want in this bill?

Mr. Lawton. That is $157,000.

AMOUNT FOR SALARIES AND EXPENSES FOR RAILROAD RETIREMENT BOARD

I can read all of the amounts, Senator, if you want me to.

Railroad Retirement Board salaries are $350,000. Miscellaneous expenses are $40,000.

Senator McKellar. Now, what is that for?

Mr. Lawton. For reimbursement to agencies which serve the Railroad Retirement Board, such as the Treasury Division of Disbursements. The overtime cost is borne by the agency which does the reimbursing.

They pay the cost to the Treasury for handling their checks.

INCREASED AMOUNT REQUESTED FOR SALARIES IS MADE NECESSARY BY FEDERAL EMPLOYEES PAY ACT

Senator Hayden. Let me get this clear in my mind. This has nothing to do with the base pay that the man receives? What you are doing—what you are asking an appropriation for is the increased amount of money that they are entitled to draw because of the increase in salaries or payment in lieu of overtime?

Mr. Lawton. It is because of the payments under the Federal Employees Pay Act, which included a base-salary increase averaging 15.9 percent—overtime pay, night differential, acceleration of within-grade promotions, and certain other items in the postal service such as additional allowances to rural carriers, transportation allowances, additional allowance to railway mail clerks for travel, and a few items of that sort.

They are all increases.

Senator Hayden. But this item that you mentioned for the Railroad Retirement Board. That means to say that above and beyond the amount of money actually appropriated to them they have to have over $300,000 to meet these increases?

Mr. Lawton. To meet the increases caused by the Pay Act.

Senator McKellar. Until when?

Mr. LAWTON. For this fiscal year. It covers the whole fiscal year. No provision has been made heretofore for the pay act, because that act passed after the appropriations had been made for the current fiscal year.

INCREASED AMOUNT REQUESTED FOR MISCELLANEOUS EXPENSES IS MADE NECESSARY BY FEDERAL EMPLOYEES PAY ACT

Senator MCKELLAR. Well, now, as to miscellaneous expenses other than salaries: We appropriated for miscellaneouses. Why are they increased?

Mr. LAWTON. Because the Treasury Department in one instance which serves them has had to pay its employees the overtime or the increased pay costs, and the reimbursement has to be increased by that amount.

They have to pay the full cost of the employees' salary on a reimbursable basis.

MOST OF AMOUNTS REQUESTED ARE FOR BASE PAY INCREASES

Senator MCKELLAR. Now that the war is over is the Treasury Department working overtime?

Mr. LAWTON. Most of it of course relates to the base pay increases. Some of it is overtime. There was overtime for the first 2 months of this fiscal year.

DISCUSSION AS TO AMOUNTS NEEDED FOR MISCELLANEOUS EXPENSES BEING REIMBURSEMENTS TO OTHER GOVERNMENT AGENCIES

Senator MCKELLAR. Well, the increase on salaries I understand, but here is an item of $40,000 for miscellaneous expenses.

I do not see why there is more expense in paying out an additional $350,000. That is more than 10 percent on the amount appropriated.

Mr. LAWTON. Well, those two items are not related, Senator. The miscellaneous expenses are for the reimbursement of other Government agencies.

Senator MCKELLAR. I know that.

Mr. LAWTON. Not for salaries of Railroad Retirement Board employees. They are for the salaries of Treasury employees who performed services for the Railroad Retirement Board on a reimbursable basis.

Senator MCKELLAR. Well, that is just exactly what I object to. Every department and agency ought to come to the Congress and pay its own employees and its own expenses, and they ought not to be getting them from another department and swapping around.

As far as I am concerned, I am not going to vote for any such swapping around. I just do not believe in that sort of thing. That just gives every opportunity for "hornswoggling" of funds around from one department to another, overtime pay and expenses here and expenses there that the particular department has not borne or will not bear.

Each department ought to get from the Government its own funds. Can you understand that?

Mr. LAWTON. Yes, sir.

Senator McKellar. Well, I hope we will not have anything further about that, nor this year in making your appropriations. I hope we will have no swapping of funds among the various departments.

EXPLANATION OF TRANSFER OF FUNDS TO TREASURY DEPARTMENT BECAUSE OF SERVICES RENDERED

Senator McCarran. I would like to get a little clearer expression from the witness. There must be some reason for it. He says: Because of services rendered by other departments. Will you give us a word of explanation on that?

Mr. Lawton. The Treasury Department, through its Division of Disbursement, handles certain payments for the Railroad Retirement Board, and the Railroad Retirement Board reimburses for the activity in that respect.

Senator McCarran. What do they reimburse for?

Mr. Lawton. For work performed by the Division of Disbursement of the Treasury, which handles receipts, checks, et cetera.

Senator McCarran. They pay the employees of the Treasury?

Mr. Lawton. They pay the Treasury Department, which in turn pays its employees who perform that service.

This is to pay the increase due to the overtime and base-pay increase.

Senator McCarran. That is not an augmentation of the salary of the respective people who do the work in the Treasury?

Mr. Lawton. No. This particular item is simply to pay the increased cost due to the Federal Employees Pay Act.

Senator McKellar. Well, what is that? Now, you speak of the increased pay for handling checks. The Treasury comes before us and gets appropriations for this very purpose, for handling the checks of the other departments. Now, why should they undertake to make the various departments pay them back? What law is that? I want that law repealed.

LANGUAGE IN TREASURY DEPARTMENT APPROPRIATION BILL CONCERNING REIMBURSEMENT

Now, let us see what the law says. This is in the appropriations bill:

For all necessary expenses, except printing and binding of the Division of Disbursement, including personal services in the District of Columbia, stationery, and travel, $4,700,000: *Provided*, That with the approval of the Bureau of the Budget there may be transferred to this appropriation and to the appropriation "Printing and binding, Division of Disbursement," from funds respectively available for such purposes for the Agricultural Adjustment Agency, Federal Housing Administration, Federal Public Housing Authority, Federal Surplus Commodity Corporation, Federal Prison Industry, Railroad Retirement Board, United States Maritime Commission, the Federal Crop Insurance Corporation, the Commodity Credit Corporation, the Office of Distribution, and the Farm Security Administration, such sums as may be necessary to cover the expense incurred in performing the function of disbursement therefor, $4,700,000.

DISCUSSION OF APPROPRIATIONS TO ONE AGENCY FOR REIMBURSEMENT TO ANOTHER AGENCY

It seems we give that authority. Now, why is that authority needed, and why are the accounts of the Government mixed up that

way? This is an unlimited authority, and you people come before us without an appropriation of a cent. It is just an unlimited check to be drawn on the Treasury for these purposes.

Now, what are these purposes, and why should these people pay for those?

Mr. LAWTON. In the case of corporations, there is the theory that the corporate organization should bear its expense from its own funds, and those should not be augmented from appropriations made from the Treasury .

In the cases of agencies which receive appropriations, a number of them are for large and fluctuating programs which were difficult to determine in advance; and rather than make the appropriation to the Division of Disbursement for a fluctuating program of that character, the decision was made to reimburse and thereby gear the amount that the Division of Disbursement would get into the amounts that Congress annually would allow for these major programs.

Senator HAYDEN. I can see it as to the corporations very properly, because if the Treasury Department performs a function for one of Government corporations, the Government corporation is taking in money, and it ought to pay it out of its own money, to tell the truth, because if we did not do that, we would be appropriating money to the Treasury Department to keep their books and handle their disbursements.

That would come out of the taxpayer contributions; and to make a proper fiscal showing it should come out of the corporation income.

QUESTION AS TO WHY RAILROAD RETIREMENT BOARD DOES NOT DISBURSE ITS OWN FUNDS

But what is the justification in the case of the Railroad Retirement Board? Why cannot they disburse their own funds? Is there such a fluctuation in their business? It seems to me that is a stable organization which has been here a long time.

Mr. LAWTON. The Treasury Department disburses for all Government organizations.

Senator HAYDEN. In the case of Railroad Retirement Board, we get the contributions from the men?

Mr. LAWTON. You get two things. You get contributions from the individuals. You get a railroad retirement tax. Then you have a similar situation to the unemployment trust fund in the Social Security Board, in that you have a railroad unemployment compensation fund, from which there is an automatic appropriation of 10 percent for administration each year.

TREASURY DEPARTMENT DISBURSES FOR SOCIAL SECURITY BOARD OUT OF DIRECT APPROPRIATIONS TO TREASURY DEPARTMENT

Senator BALL. Is this same pattern followed in Social Security and the Veterans' Administration?

Mr. LAWTON. No; it is not.

Senator BALL. Not in either one of those? They do their own checking?

Mr. LAWTON. The Division of Disbursement does it, but they do it out of a direct appropriation to the Division of Disbursement and not on a reimbursable basis.

Senator McKellar. That is the way they all ought to be. We have no business making these appropriations. Let me read some of them here. This act does include the Railroad Retirement Board, but look at the boards that are not included in this act:

Post Office Department (out of the postal revenues):
- Office of the First Assistant Postmaster:
  - Compensation to postmasters.
  - Compensation to assistant postmasters.
  - Clerks, first- and second-class post offices.
  - Clerks, third-class post offices.
  - City delivery carriers.
- Office of the Second Assistant Postmaster General:
  - Railway mail service.
  - Railway postal clerks, travel allowance.
- Office of the Fourth Assistant Postmaster General: Vehicle service.
- Public buildings, maintenance and operation: Operating force.

There is not anything that is included there.

Mr. Lawton. Those are direct appropriations to those agencies. The only item that relates to a transfer is that one item, "Miscellaneous expenses" of the Railroad Retirement Board. All of the rest are direct appropriations to the agencies for their pay-act costs.

I can continue reading these amounts if you like.

AMOUNTS FOR EACH AGENCY IN THE BILL

Senator McKellar. We will put the amounts in if I have anything to do with it. Otherwise, I am going to vote against the bill.

Because we cannot appropriate money this way. I think it is the height of effrontery for the Budget Bureau to present such a bill as that to the Congress.

Mr. Lawton. The Budget Bureau did not present this to the Congress.

Senator McKellar. Well, who did?

Mr. Lawton. We presented an estimate printed as House Document 437, and the House enacted this bill in this fashion. We presented an estimate in the normal way.

Senator Hayden. Where is the reference to that document? Because that would be controlling.

Mr. Lawton. The document is House Document 437.

Senator Hayden. In other words, what the House did was to name these things and then say that the amounts of money to be appropriated for any purpose would conform to the document?

Senator Overton. And not exceed it?

Senator McKellar. This is an unlimited blank check. When a man by the name of McKellar votes for a blank check, he is dishonest and old and corrupt and everything else.

Whenever you find Senator McKellar voting for a blank check on the Treasury of the United States, you will know that there is something wrong with him. I think it is utterly inexcusable for anybody to come here and request a thing like that.

Let me take up another one here: National Gallery of Art. That is not included in this at all. We can excuse this because it happened to be in the proviso.

Mr. Lawton. Well, these are expenses of the National Gallery of Art which are caused by the pay act.

Senator McKellar. You could include here a million dollars for the expenses of the Committee on Appropriations of the United States Senate, just as well as in a blank check like that. You could, could you not, include anything you wanted?

Senator Thomas. Mr. Chairman, if the Budget has set out the necessary amounts opposite each of these provisions, why not amend this bill by making the insertions?

Senator McKellar. He has just begun to read that. I do not think that we have the authority to do this. We ought to appropriate the money to the Department. If the Treasury Department does the work, we ought to appropriate the money to the Treasury Department to do that work.

APPROPRIATION TO PAY INTEREST ON PUBLIC DEBT IS PERMANENT APPROPRIATION

Senator Thomas. The amount of money appropriated to take care of the interest on the public debt: That is not appropriated at all by the Congress. They have the law, and whatever the interest is they pay it.

It is charged against the revenue, but we never know how much that is until the year is over.

We do not appropriate the money to pay interest on the national debt, as I understand the matter.

Senator McKellar. Well, that is because of a regular law, and that is an entirely different situation than this.

"Miscellaneous expenses, other than salaries" takes in everything except salaries. You could give a man $10,000 for going to school every morning if you wanted to, as long as the money lasted.

AMOUNT OF INCREASED COST FOR THE SMITHSONIAN INSTITUTION

Well, give us the next one, the Smithsonian Institution.

Mr. Lawton. Salaries and expenses, $238,000.

Senator McKellar. What was the reason for that?

Mr. Lawton. To meet the Pay Act cost, the increase in salaries and overtime costs of the employees of the Smithsonian Institute.

PAYMENT OF OVERTIME TO EMPLOYEES

Senator McKellar. Now, about these overtime costs, are we being "overtimed"? How many employees are we paying overtime?

Mr. Lawton. The bulk of this is due to the overtime that took place prior to VJ-day in the first 1½ months of this year.

Senator McKellar. The overtime?

Mr. Lawton. Or the first 2 months of this year.

Senator McKellar. Well, how much has occurred since that time? I would like to know what it is.

Mr. Lawton. The amount of overtime?

Senator McKellar. Railroad Retirement, now.

Mr. Lawton. I haven't those figures separately, Senator. I have a total figure of the break-down of overtime in this document that was submitted.

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AMOUNT OF OVERTIME COSTS IN TOTAL INCREASED COSTS

Of the total Pay Act costs, $267,1000,000 was for overtime.

Senator McKellar. Overtime, $267,100,000. I want a break-down of that.

Mr. Lawton. It is in the document by agencies, in House Document 437. That is on page 16 and 17.

AMOUNT OF OVERTIME COSTS IN FISCAL YEAR 1946 BEFORE AND AFTER END OF WAR

Senator McKellar. Now, how much of that was before the war and how much after it?

Mr. Lawton. $197,600,000 was through the period July 1 to October 31. The estimated amount for the balance of the year is $69,500,000.

Senator McKellar. That is a whole lot of overtime. Now, where does that overtime go; and with all the war employees that exist, why are we paying them overtime?

Mr. Lawton. In a great many cases to custodial employees. Where their plant is operated on a 6-day or 7-day basis, the employees work on that basis and are paid overtime.

OVERTIME PAID FOR HOURS IN EXCESS OF 40 HOURS PER WEEK

Senator McKellar. Well, there are very few of these comparatively, and most of our weekly workers are on a 5-day basis. Do you pay them overtime over 5 days?

Mr. Lawton. Over 40 hours.

Senator McKellar. Over 40 hours?

Mr. Lawton. That is right.

OVERTIME RATE OF PAY IS ON A SLIDING SCALE BASIS

Senator McKellar. You pay them overtime over 40 hours. And overtime is twice as much?

Senator Thomas. Time and a half.

Mr. Lawton. It is a sliding scale. Time and a half up to $2,980, and then it descends, up to the top brackets.

AMOUNT OF OVERTIME PAY FOR SMITHSONIAN INSTITUTION

Senator McKellar. I would like to have a full explanation of this overtime pay and how much of this is going for overtime pay.

Mr. Lawton. How much of these particular items are for overtime, you mean?

Senator McKellar. Yes. For instance, here are salaries and expenses of the Smithsonian Institution, $238,000. How much of that is overtime?

Mr. Lawton. The overtime pay costs in that item are $77,000.

Senator McKellar. Overtime, $77,000.

Senator Russell. How do you reconcile that with the table which appears on page 16? I was endeavoring to follow that. It shows $168,000 for overtime.

Mr. Lawton. That is for all of their appropriations. I was just referring to this one appropriation that the Senator mentioned.

NECESSITY FOR OVERTIME PAY AT SMITHSONIAN INSTITUTION

Senator McKellar. Why is there this necessity for overtime for the Smithsonian Institution?

Mr. Lawton. They have a large custodial personnel, and that agency is operated——

Senator McKellar. They seem not only to have a large custodial personnel, but they have a general personnel. To my mind, that is just absolutely inexcusable.

AMOUNT OF OVERTIME PAY FOR SMITHSONIAN INSTITUTION

It is a waste of the Government's money to pay the Smithsonian Institution employees $77,000 of overtime from now on to the end of the year.

Mr. Lawton. That is the total for the year.

Senator McKellar. You said it was out of the $208,000, and I put down $77,000.

Mr. Lawton. But I thought you said for the balance of the year.

Senator McKellar. Well, this is for the balance of the year, this $238,000?

Mr. Lawton. No; that is the amount for the full year. No appropriation has been made to cover the costs of this pay act in any of the appropriations heretofore made in the annual bills or in the deficiency bill that passed last July.

These amounts that are in here are for full year's operation.

AMOUNT EXPENDED FOR OVERTIME PAY SINCE VJ-DAY

Senator Overton. I think, Mr. Chairman, you could get the information you want if the witness would give us a break-down of all overtime paid beginning March 1. Is that not right?

Mr. Lawton. This overtime is for the full year.

Senator Overton. But after VJ-day, beginning what day?

Mr. Lawton. We broke it down from July 1 to October 31 and November 1 to the end of the year.

Senator Overton. The chairman does not want that. He wants to know how much after VJ-day of overtime has been spent?

Senator McKellar. Yes. Here you are working 5 days a week, 40 hours, and an institution like the Smithsonian Institution that has as regular hours as any organization here, I imagine, is spending $77,000 for overtime.

Senator Ferguson. Mr. Chairman, my question is whether this is a method of increasing pay; that they do not want them to work overtime but they merely want to increase the pay, so they allow them to work overtime.

Senator McKellar. My impression was that it was a blanket authority—a blank check on the Treasury. That is what it was, a blank check on the Treasury.

LANGUAGE IN CURRENT BILL

Senator HAYDEN. I cannot quite agree to that, because it says in the bill, and reading on page 3:

For such sums as may be necessary, not to exceed the respective amounts named in House Document No. 437, Seventy-ninth Congress, for making payments during the fiscal year 1946 in consequence of the Federal Employee's Pay Act of 1945 (Public Lak 106), and of the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation; and for other purposes," approved July 6, 1945, Public Law 134, from appropriations as follows:

Now you turn to the Smithsonian Institution item on page 16, and it shows what the set-up is: Not to exceed the amount set out on that page.

Senator McKELLAR. As to base pay, you just told me a while ago it was $77,000.

Mr. LAWTON. You asked me about the appropriation, "Salaries and expenses."

Senator McKELLAR. I am trying to find out what you are going to do with this money and what you are doing with this money.

ONLY 25 OF 448 ITEMS IN HOUSE DOCUMENT 437 ARE INCLUDED IN CURRENT BILL

Mr. LAWTON. All of the items that are included in this document are not included in the present bill. There are 448 items in the document, 25 of which were put into this bill because the agencies would need the money by April 15.

Senator McKELLAR. This money to be appropriated now is to be spent between April and July 1?

Mr. LAWTON. That is right. Funds will be needed by that time.

PRESENT LAW IN REFERENCE TO OVERTIME

Senator OVERTON. What is the present law in reference to overtime?

Mr. LAWTON. The present law authorizes overtime in excess of 40 hours a week.

Senator OVERTON. May Smithsonian Institution at its pleasure continue making overtime payments?

Mr. LAWTON. They can continue making overtime payments.

Senator OVERTON. Without any restriction or limitation?

Mr. LAWTON. Yes; within the funds that are available to the Smithsonian Institution.

Senator FERGUSON. Within those limits they are the sole judges as to who shall work overtime?

Mr. LAWTON. Yes; whether it is necessary and who shall work.

Senator OVERTON. Then the only way to control is to control the appropriations.

Senator FERGUSON. That is the only way to control them. But this is not for the purpose of increasing pay; is it because work must be done?

Mr. LAWTON. Because work must be done. One of the largest ones in here is the Veterans' Administration, whose overtime costs are

greater than the increased pay. In that case, there is the question of getting the claims adjusted and getting other work done.

In the case of the Smithsonian Institution, they have to stay open for visitors on a 7-day basis.

They have an engineer and a fireman, for instance, who have to stay on duty. You do not hire relief men for extra periods. You keep the regular men on.

You do the same for the custodial employees, and so forth, who work there.

Senator FERGUSON. Do you know whether clerical people work overtime?

Mr. LAWTON. Yes; they do.

Senator FERGUSON. Of course, you have the situation that people will put off doing work in their regular hours so that they can work overtime?

Senator OVERTON. That is true. A lot of that has gone on.

Senator MCKELLAR. In addition to this, the base pay is $135,000 and the overtime pay $108,000, nearly half as much as the regular pay. If we continue to allow this to go on, with the authority in the officials of these various institutions to pay overtime as they see fit, we will have to give them a blank check on the Government.

AMOUNT OF INCREASED COSTS FOR INSECT INVESTIGATION, DEPARTMENT OF AGRICULTURE

Now, the next one is "Insect investigations, Department of Agriculture." How much is that?

Mr. LAWTON. $270,000.

Senator MCKELLAR. How much did they have for the year?

Mr. LAWTON. The amount is $2,121,900.

Senator MCKELLAR. You give them that much? Insect and plant-disease control—what is that? That is not increase of salaries?

Mr. LAWTON. Yes; this is personal services under each of the bureau appropriations for the Department of Agriculture.

AMOUNT OF INCREASED COSTS FOR INSECT AND PLANT-DISEASE CONTROL, DEPARTMENT OF AGRICULTURE

Senator MCKELLAR. How much is that for insect and plant-disease control?

Mr. LAWTON. $317,000.

Senator MCKELLAR. And how much for the whole year?

Mr. LAWTON. $2,298,300.

AMOUNT OF INCREASED COSTS FOR FOREIGN PLANT QUARANTINES, DEPARTMENT OF AGRICULTURE

Senator MCKELLAR. Foreign plant quarantines?

Mr. LAWTON. $240,000.

Senator MCKELLAR. And how much for the entire year?

Mr. LAWTON. $1,027,000.

AMOUNT OF INCREASED COSTS FOR NATIONAL GALLERY OF ART

Senator McKellar. I overlooked one up there: "Salaries and expenses, National Gallery of Art." How much is that?

Mr. Lawton. That is $124,500.

Senator McKellar. How much of that is overtime?

Mr. Lawton. $88,512.

Senator McKellar. Nearly half overtime.

Mr. Lawton. Just about.

Senator McKellar. Do you have the artists come there to the Gallery of Art on Sundays?

Mr. Lawton. The Gallery is open Sundays as well as other days in the week.

Senator McKellar. It has been all the time, but these appropriations have not been coming in this way.

Mr. Lawton. A supplemental appropriation was made last year on the same basis.

Senator McKellar. Well, they have been keeping these Galleries of Art open on Sundays ever since I can remember, and that is some little time.

Senator Russell. I think you are wrong about that. I went down there some little time ago and they were not open.

Mr. Lawton. The appropriations for the fiscal year 1946 were made exclusive of any amounts for overtime or salary increase costs.

FIGURES REQUESTED ON NATIONAL GALLERY OF ART AND SMITHSONIAN INSTITUTION

Senator McKellar. Could you tell me, with reference to the National Gallery of Art, how many employees there are and how many got overtime?

Mr. Lawton. I would have to furnish that for you, sir.

Senator McKellar. That will be a terrible task on you, but I want you to do it. Then, I want you to get the amount spent for salaries in the Smithsonian Institution this year, and the amount paid and to be paid for overtime.

I want you to divide that into that part that was spent for overtime before VJ-day and that which was spent and is to be spent after VJ-day.

Mr. Lawton. Yes, sir.

PROVISION IN HOUSE BILL CHARGING AMOUNTS TO SECOND DEFICIENCY APPROPRIATION ACT

Senator McKellar. I want to ask you about another provision. On page 5, I find this proviso:

Provided, That the obligations incurred and expenditures made for such purposes under the authority of this act shall be charged to any appropriations therefor in the Second Deficiency Appropriation Act, 1946, when enacted. * * *

That means they can just put anything in that they want to. You can put all your people on overtime pay, and still put it in and get money out of the next appropriation bill.

Senator HAYDEN. What the House had in mind, though, apparently, was that the report was submitted to these various agencies that certain sums of money were required to meet the increase in pay that was authorized by Congress.

That increase in pay took place after the 1st of July, and it was supposed to be in lieu of overtime and other things.

So, there being no money appropriated at all, either for increase in pay or for overtime, the overtime ran on until the pay increase took place.

Then you picked it up as increased pay from then on until the end of the year. The House said "Those sums are set forth in this document."

So, they said:

For such sums as may be necessary, not to exceed the respective amounts named in House Document No. 437, Seventy-ninth Congress, for making payments during the fiscal year 1946 in consequence of the Federal Employees Pay Act of 1945, Public Law 106, and of the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation; and for other purposes," approved July 6, 1945, Public Law 134, from appropriations as follows:

So the control is in the amounts of money in the document.

Senator MCKELLAR. But it says—

Provided further, That any restrictions heretofore made applicable to any of the foregoing appropriations, which limit the amounts which may be expended for personal services or for other purposes, or amounts which may be transferred between appropriations or authorizations, are hereby waived to the extent necessary to meet increased pay costs as provided for herein.

Senator HAYDEN. The "increased pay costs as provided for herein" are the increased pay costs authorized by law and limited by the amounts of money set forth in the document.

Senator OVERTON. You have two things where they can take advantage of the appropriations, then.

NO FUNDS ALLOWED FOR OVERTIME IN 1947 ESTIMATES

Senator RUSSELL. Are you generally familiar with this for 1947?

Mr. LAWTON. Not too familiar with it. I know something about it. Generally, we allowed no funds for overtime in making the estimates.

Senator RUSSELL. There are no funds in the next fiscal year for overtime?

Mr. LAWTON. I believe we did not allow any funds for overtime. If they are going to pay any overtime, they will have to be absorbed by reducing the personnel.

DECREASE IN NUMBER OF FEDERAL EMPLOYEES

Senator FERGUSON. Why should they not do that from here on, on this bill?

Mr. LAWTON. They could, if this money were used to hire additional employees instead of paying overtime in those cases where they must maintain people on a 6-day basis.

Senator FERGUSON. But the question is: Can we not cut down the number of employees? Are we going to increase them all the time? That is the thing that faces us.

Mr. LAWTON. I think the number of employees in total will be cut.

Senator MCKELLAR. Mr. Lawton, I was here before they had a budget, and I have been here a long time since we had the budget. To my mind the budget is one of the most expensive departments that this Government has.

You people let the various departments come around and weep on your shoulders, and you allow them almost anything in the world they want. This has been the result ever since the budget was created. You ought to read the papers when it was created as to how it was going to cut down appropriations; and instead of that, it has increased appropriations every year. This particular bill is indefensible. Those items should be stricken out, of course. Provisions like this "Miscellaneous expenses other than salaries" that anybody in the department can fix, ought to be stricken out.

I hope the committee is going to strike them out. I do not know whether it will or not, but I will vote for it.

PROVISO ELIMINATING LIMITATION ON NUMBER OF EMPLOYEES IN DISTRICT OF COLUMBIA

Mr. LAWTON. I might speak to one provision here, the second provision, starting "Provided, further." The reason for that removal of restrictions is that in a great many appropriations you have a limitation fixed on the number of employees in the District of Columbia; that is, the total amount of salaries of employees in the District of Columbia. That limitation was calculated on the old pay scale.

It was also calculated without overtime being included. Now, those limitations are raised in amounts sufficient to take care of the amounts appropriated in this bill, and include the overtime costs and Pay Act costs, night differential, within-grade promotions acceleration. The limitations were originally placed on the basis of salary scales prior to the Pay Act, so that they have to be increased by the amounts approved by the Congress for Pay Act increases.

FIGURES REQUESTED ON PERSONNEL, BASE PAY, AND OVERTIME, 1939 TO DATE

Senator OVERTON. I should like, Mr. Chairman, to have this committee informed, beginning with the year 1939 up to the present time, broken down by years; and give the number of personnel of these different agencies and activities in this bill; then, the increase in base pay.

Then, the overtime pay, broken down by personnel; increased base pay and overtime. Now, if we get that information, we can see what this Government is doing, whether we are economizing or we are not; whether we ought to economize or we should go ahead.

Now, of course, we are controlled by the law so far as the base pay is concerned, but there is no law that controls us as to the number of personnel or as to the amount of overtime pay.

Senator RUSSELL. After all, we passed a bill on overtime pay.

Senator OVERTON. It does not say you have to employ everybody overtime.

Senator RUSSELL. But we authorized them to do that.

Senator OVERTON. We have no discretion as to the base pay. We have to make that appropriation. But on the overtime pay, we have a discretion as to that, and the number of personnel also.

Senator FERGUSON. And if we want to economize, we can cut down the number of employees, even though the base pay were increased.

FIGURES REQUESTED ON EMPLOYEES INSIDE AND OUTSIDE OF DISTRICT OF COLUMBIA FOR PERIOD OF SEVERAL YEARS

Senator MCKELLAR. I want you to add to that, Senator, if you will, the number of employees in Washington and out of Washington of the Government in 1939, in 1942, and in 1946, April the 1st.

Senator HAYDEN. What you are asking for, Senator Overton, is to use this bill for a spot check on certain agencies which would not cover the whole Government of the United States.

Senator BALL. What you want is something covering the whole Government, which we can use as a guide in trying to cut down these 1947 bills.

Senator OVERTON. I think that is not a bad suggestion. We can enlarge it.

Senator FERGUSON. I think it is a good idea. We can see then where we are going.

Senator OVERTON. As to all departments and agencies, as to all personnel, beginning in 1939 and going right on to '46. That would be then as to personnel, as to base pay, and as to overtime.

We will then have a break-down on all of those things, and that will give us something to go by. I do not know what we are doing with a bill like this.

(The figures will be furnished to the committee later.)

NUMBER OF EMPLOYEES RELEASED SINCE VJ-DAY

Senator MCKELLAR. Mr. Lawton, can you tell us off-hand: How many employees have been dropped since VJ-day from the employ of the Government?

Mr. LAWTON. The number of employees in continental United States on July 31, which was just prior to VJ-day, was 2,896,568; and on December 31, 2,405,005, a reduction of 491,563.

Senator FERGUSON. Does that include civil service personnel in ordnance plants and shipbuilding, and so forth?

Mr. LAWTON. It includes any that were Government employees, yes.

Senator FERGUSON. That is not much of a reduction, then.

NUMBER OF EMPLOYEES RELEASED IN JANUARY 1946

Senator MCKELLAR. How much has been reduced since January the 1st, 1946?

Mr. LAWTON. I do not have those figures. The January figure, I think, is just available.

Senator MCKELLAR. Could you get it and put it in the record?

Mr. LAWTON. Yes, sir.

(The information requested is as follows:)

The reduction in personnel in January 1946 was 4,877.

Senator OVERTON. Where was the most reduction? In what activities?

Mr. LAWTON. In the War Department there is a 1-month difference in here, from June to December, but it is practically the same thing.

There were 356,000 in the War Department, 150,000 in the Navy Department.

Senator OVERTON. That is more than the total reduction right there.

Mr. LAWTON. 96,000 in other war agencies.

VETERANS' ADMINISTRATION PERSONNEL HAS INCREASED

Senator OVERTON. You have increased the civilian activities then?

Mr. LAWTON. Largely Veterans' Administration. Veterans' Administration has gone up very materially in that time.

Senator FERGUSON. But the others have not gone down?

INCREASE IN CIVILIAN PERSONNEL SINCE OCTOBER 1945

Senator MCKELLAR. I would like to have you get the figures and put them in this record as to how much the civilian personnel has been increased since the war ended in October of 1945.

(The information requested is shown on p. 69.)

NUMBER OF EMPLOYEES ON PUBLIC RELATIONS AND PROPAGANDA WORK

Senator FERGUSON. If we could ever find out just how many personnel are on what is known as public relations and propaganda, coming right back to force us to appropriate: There is where your big item is.

Mr. LAWTON. I could give you a figure——

Senator MCKELLAR. I want you to give Mr. Smith the figures for each one of those items. I wish you would prepare a number of committee bills with those items, so that we can have them before us at the next meeting as to the amount that is appropriated.

Senator BALL. Did you start to say, Mr. Lawton, that you have a figure?

Mr. LAWTON. On the increases since 1940 in these agencies that are other than so-called war agencies.

Senator BALL. Was that public information?

Mr. LAWTON. No, not public information. Thirty-seven thousand of that increase is in Treasury, 30,000 is Department of Labor, which includes the taking over of the Employment Service, and 50,000 in the Veterans' Administration.

Senator FERGUSON. But there is a great difficulty in saying what is on public relations and so-called propaganda. At times they shift the whole department to that.

Mr. LAWTON. The difficulty is getting a definition, Senator, exactly limiting the kinds of employees that you mean. We have tried, and there is a figure, I believe, in the House hearings, in the independent offices bill for this year.

Senator FERGUSON. How many?

Mr. LAWTON. I would not like to trust my memory on that.

Senator FERGUSON. Get that for us.

Senator MCKELLAR. Put it in the record.

(The statement requested is as follows:)

STATEMENT ON COSTS OF EDUCATIONAL, INFORMATIONAL, PROMOTIONAL, AND PUBLICITY ACTIVITIES

Employment in educational, informational, promotional, and publicity activities of the executive branch of the Federal Government for the fiscal year 1946 is estimated as follows: Full-time employees, 23,009; employees devoting more than 1 week but less than their full year to these activities, 22,769; total man-years of both full-time and other employee service in these activities, 14,756.6; total estimated expenditures for personal service and other obligations, $74,829,467.

Early in 1941, at the committee's request, the Bureau of the Budget undertook a comprehensive survey of expenditures for these purposes throughout the executive branch. That survey required several months and its results were reported to the chairman of the House Committee on Appropriations under date of June 25, 1941.

It has not been possible, within the time available, to make a similarly thorough study in response to the immediate request, and the figures above given are merely the totals of estimates hurriedly furnished the Bureau of the Budget by the various operating agencies.

Following is a definitive list of the activities included within the scope of the estimates:

Publications.—All published material, exclusive of administrative forms, stationery, and official circular letters or other correspondence. The amounts of expenditures include all costs following the initiation of the preparation of the manuscript or lay-out.

In addition to the above instructions the reporting units were orally advised to exclude: (1) Printed confidential reports; (2) printed material not for public distribution but filed in the agency; (3) printed material made available to parties in litigation, where not for public distribution. The Tariff Commission and the Interstate Commerce Commission were permitted to account for expenditures for their reports in such manner that costs would begin with editorial handling rather than with the initiation of the preparation of the manuscript or lay-out. Costs for research work, incident to the writing of a report, have been eliminated.

Press service.—Preparation of material, including illustrations and matrices, for newspapers, periodicals, or other non-Federal publications, and distributing same either through the mail, personal interview, or other means; interviews with representatives of the press, or other non-Government publications, etc.

Radio broadcasting.—Preparation of material for broadcasting purposes; correspondence and personal contacts with broadcasting company representatives; payments for radio time; and the salaries and expenses of Government employees when engaged in broadcasting.

Group contacts.—Salaries and expenses of employees incident to attendance at meetings of nongovernmental groups or organizations, whether or not addresses are made. If addresses are made, includes the time and cost of such time spent in the preparation thereof.

Paid advertisements.—Salaries and expenses of employees engaged in the preparation of the ad and cost of the ad space. Does not include costs chargeable to "Posters," or costs for advertising the sale or disposal of Government property.

Exhibits.—All costs incident to the preparation, installation, dismantling, transportation, and circulation of exhibits, also the time, salaries, and expenses of employees attending exhibits when on display.

Motion pictures.—All costs involved in the production, maintenance, and circulation of motion pictures, excluding reels prepared for internal use in personnel training or research programs.

Lantern slides and lecture material.—All costs incident to the preparation, maintenance, and circulation of lantern slides, film strips, and prepared lectures.

Photography.—All costs involved in the preparation, maintenance, and distribution of "still" photographs to non-Federal agencies. Excludes "still" photographs for scientific or administrative purposes.

Correspondence.—All correspondence with non-Federal agencies, organizations, institutions, or individuals relating to educational, informational, promotional, or publicity activities.

Individual contacts.—Contacting individuals regarding the activities concerned; i. e., individual officers of organizations, institutions, citizens, and public

officials. Does not include costs reportable under "Group contacts" and "Educational cooperation with schools, and civic or special interest organizations."

Educational cooperation with schools, and civic or special interest organizations.—All costs incident to the introduction of special subjects into school curricula, lecture courses given by Government employees on official time and expenses, etc.

Posters.—All costs incident to the production and distribution of posters which do not involve paid advertisement space.

Miscellaneous and other.—All costs not correctly chargeable to any of the above items.

It should be emphasized that the foregoing activities have never, except in isolated instances, been distinctively treated in the accounting, budgeting, or appropriating systems and procedures of the Federal Government. As pointed out in the 1941 report on this subject, there are found in almost every public service activity public relations aspects which require the use of publicity, education, information, and promotion as ordinary working tools, inseparable from other means and methods. One of the major purposes for which the Department of Agriculture was created is to "diffuse among the people of the United States useful information on subjects connected with agriculture, in the most general and comprehensive sense of that word." The administration of regulatory statutes, the postal service, the financing of the Treasury, the advancement of public health, the protection of natural resources, all would be seriously handicapped without the full use of publicity.

The fact remains that "the publicity set-up" of this Government cannot be successfully or accurately segregated or isolated from the other elements of countless governmental functions of which publicity is an essential integral part. The Bureau of the Budget's objective in this matter is to eliminate abuse of publicity media as tools of executive management. The only sound approach lies in constant particularized examinations of each operation of Government with a view to correction of abuses if or whenever or wherever they are found.

Estimated expenditures for education, informational, promotional, and publicity activities, executive branch of the Federal Government, fiscal year 1946, by departments and agencies

DEPARTMENT OR AGENCY	*Total expenditures*
Total	$74,829,467
Executive Office of the President	8,154,021
White House	6,103
Bureau of the Budget	165,700
Office for Emergency Management:	
Civilian Production Administration	172,000
Committee on Fair Employment Practice	3,370
Foreign Economic Administration [1]	15,175
Alien Property Custodian	121,000
Office of Defense Transportation	207,000
Office of Inter-American Affairs [2]	886,178
Office of Scientific Research and Development	6,800
Office of War Information [1]	3,772,095
War Shipping Administration	157,000
Office of Price Administration	2,572,000
Petroleum Administration for War	69,000
Independent establishments	2,627,808
American Battle Monuments Commission	0
Civil Service Commission	204,000
Employees' Compensation Commission	9,000
Export-Import Bank of Washington	6,700
Federal Communications Commission	24,363
Federal Deposit Insurance Corporation	4,650
Federal Power Commission	75,266
Federal Trade Commission	27,417
Interstate Commerce Commission	43,000
National Advisory Committee for Aeronautics	171,000

[1] To date of liquidation.
[2] Liquidated in part during 1946 fiscal year.

DEPARTMENT OR AGENCY—continued

	Total expenditures
National Archives	$19,400
National Capital Housing Authority	500
National Capital Park and Planning Commission	0
National Labor Relations Board	21,400
National Mediation Board	3,063
Office of War Mobilization and Reconversion	292,000
Office of the Director	180,000
Office of Contract Settlement	22,000
Surplus Property Administraton	90,000
Railroad Retirement Board	17,300
Securities and Exchange Commission	91,000
Selective Service System	19,500
Smaller War Plants Corporation	279,100
Smithsonian Institution	134,000
National Gallery of Art	24,850
Tariff Commission	25,000
Tennessee Valley Authority	245,000
The Tax Court of the United States	30,728
U. S. Maritime Commission	199,000
Veterans' Administration	660,571
Federal Loan Agency	331,167
Federal Security Agency	2,043,988
Federal Works Agency	89,295
National Housing Agency	343,616
Department of Agriculture	9,295,700
Department of Commerce	2,003,212
Department of Interior	387,569
Department of Justice	199,000
Department of Labor	1,440,641
Navy Department	704,000
Post Office Department	11,960
Department of State	30,377,000
Treasury Department	11,104,800
War Department [3]	5,715,690

[3] Exclusive of pay and allowances of military personnel.

Is there anything further, gentlemen? If not, we want General Bradley to come in.

General, there has been some discussion with reference to the Veterans' Administration here. We have asked you to come by to explain that.

VETERANS' ADMINISTRATION

STATEMENTS OF GEN. OMAR N. BRADLEY, ADMINISTRATOR; AND S. M. MOORE, JR., DIRECTOR OF BUDGET AND PLANNING

ADMINISTRATION, MEDICAL, HOSPITAL, AND DOMICILIARY SERVICES

AMOUNT REQUESTED

General BRADLEY. Mr. Moore is my man on that, and we have asked him to come over here, too.

Senator McKELLAR. Do you have a statement, sir?

General BRADLEY. Yes, sir. I have a statement that was submitted to the House Appropriations Committee. Would you like me to read all of it or just explain it briefly?

Senator McKELLAR. We have that. We just want you to tell us about this $114,000,000.

EXPANSION OF VETERANS' ADMINISTRATION SINCE VJ-DAY

General BRADLEY. Well, as I understand it, when the 1946 appropriation was made, it was contemplated that the war would probably go on through 1946.

The sudden ending of the war and the rapidity of demobilization has speeded up our business much more than was contemplated when the 1946 appropriation was submitted.

For example, since VJ-day, there have been almost 8,000,000 demobilized from the services, and with all the benefits and privileges extended to them that we are trying to administer, we have had to increase our personnel and travel away beyond what was visualized before, and we have had to expand our offices in order to try to catch up with them.

We are still not up with it, but we can see daylight ahead, so that we know we will eventually lick it.

But our expansion has had to be much more rapid, and we have had to do more traveling, hire more people, and rent more space than was contemplated originally.

That is the reason for this $114,000,000.

Senator HAYDEN. Now, General, if the war had gone on, and wounded men were brought back, they probably would have been retained a longer time in Army hospitals than they are now that the war is over and the Army is discharging its doctors and they turn them over to you that much quicker. Is that how you get such a load?

General BRADLEY. That is one thing. But this is not hospitals alone. It is the administering of the Readjustment Act, the administering of the loans, the schooling, and the personnel to take care of it all, of course, the employment compensation, the total rehabilitation program. All of that has speeded up, and we are now trying to serve 10,000,000 veterans of this war, and I do not believe they ever contemplated there would be that many out by this time when the 1946 Appropriation Act was passed.

But we have all these laws to administer for this group. It is not just the wounded coming out. Whether or not they have speeded up the turning over of wounded to us very much, it is hard to say. They have speeded it up some, because they have the pressure to discharge their doctors and close up their hospitals, so they are turning over a lot of people to us right in place.

DISABILITY DOES NOT HAVE TO BE SERVICE-CONNECTED UNDER EXISTING LAW

Senator HAYDEN. No, as I understand it, in the other war the only veteran that could get into a Veterans' Bureau hospital was one who had a service-connected disability.

General BRADLEY. That is right. World War I veterans were not granted hospitalization for non-service-connected disabilities until the act of June 7, 1924.

Senator HAYDEN. Under the law that we passed, the disability does not have to be service-connected, does it?

General BRADLEY. No; and we are supposed to take care of the service-connected cases first, and then if a bed is available, we take care of them.

PROPORTION OF SERVICE-CONNECTED AND NON-SERVICE-CONNECTED CASES

Senator HAYDEN. What is the proportion between service-connected and non-service-connected?

General BRADLEY. Well, I do not have the rate figures. You mean of all wars or just World War II?

Senator HAYDEN. Just World War II.

General BRADLEY. As of February 22, there were 13,721 service-connected and 18,483 non-service-connected cases.

HOSPITAL REGULATIONS FOR VETERANS

Senator HAYDEN. What it amounts to is that we guarantee to the veteran of this war that any time he gets anything the matter with him, instead of going to a private physician he can come to the Veterans' Bureau if the space is available?

General BRADLEY. It is not quite that. They have to state that they cannot afford to go to a civilian hospital.

Senator HAYDEN. Do they always tell the truth about that?

Senator FERGUSON. And is that in the law, General?

General BRADLEY. Yes. But the law states their statement under oath must be accepted as sufficient evidence of inability to defray the expenses. So you take their word for it, and there is no investigation of it as there would be in a civilian hospital. You go into a civilian hospital, and they have somebody check and see how much money you have. But we do not go back of their statement at all. If a man states that he cannot afford to go into a civilian hospital, we take his statement.

Senator MCKELLAR. Any other questions, gentlemen?

AMOUNT REQUESTED COVERS FROM PRESENT TIME TO END OF FISCAL YEAR

Senator BALL. Is this $114,000,000 spread over the whole year? That is not just from here on, is it?

General BRADLEY. That is from here on until June 30; and we are not quite sure as to that.

Mr. MOORE. We may have to come back later.

Senator BALL. But you started on this program right after VJ-day; and this 114 million covers a lot of expenditures that have already been made?

General BRADLEY. The original appropriation was $227,675,000, and we may have to come back again.

ESTIMATED PEAK IN VETERANS' ADMINISTRATION EMPLOYEES

Senator FERGUSON. What is your peak, as you see it now?

General BRADLEY. I do not know whether we can give you the figure on appropriation or not.

We estimate we are going to reach a peak of 136,000 employees before the end of this fiscal year. In August, we had 65,000. We have now expanded to over 106,000, and we are still running behind.

LETTER FROM GENERAL BRADLEY REGARDING THE VOCATIONAL REHABILITATION REVOLVING FUND

Senator McKellar. General, I have to go in a moment, and I want to put this letter of yours of March 7 in reference to an item for an additional million dollars for the vocational rehabilitation revolving fund in the record at this point.

(The letter referred to is as follows:)

Veterans' Administration,
Washington 25, D. C., March 7, 1946.

Hon. Kenneth McKellar,
Acting Chairman, Committee on Appropriations,
United States Senate, Washington, D. C.

My Dear Senator McKellar: The Second Urgent Deficiency Appropriation Act, 1946, as passed by the House of Representatives, provided additional funds for the Veterans' Administration during the fiscal year 1946 in the amount of $114,000,000, for administration, medical, hospital, and domiciliary service.

Our hearings before the Subcommittee of the Committee on Appropriations, House of Representatives, on the second urgent deficiency appropriation bill for 1946, on February 27, 1946, included several items in addition to the one mentioned above, one of which was a request for an additional $1,000,000 for the vocational rehabilitation revolving fund. That request was necessary inasmuch as the present appropriation of $500,000 is insufficient to provide loans to veterans pursuing courses of training under Public Law 16, Seventy-eighth Congress. As was pointed out on page two of the hearings, the present appropriation will shortly be inoperative due to the present loan demands.

In view of the urgent need for an additional appropriation for this revolving fund, it is requested that our estimate for this purpose be removed from the second deficiency appropriation bill for 1946 and included in the Second Urgent Deficiency Appropriation Act, 1946.

Your cooperation in this matter will be greatly appreciated.

Very truly yours,

Omar N. Bradley,
General, United States Army, Administrator.

REVOLVING FUND FOR LOANS TO VETERANS

Senator McKellar. I want to ask you about it.

General Bradley. I think I can state that very briefly: There was provided by permanent legislation a revolving fund of $500,000, and that is used to make loans to disabled veterans, not to exceed $100 per veteran while in vocational training for service-connected disabilities. That is about exhausted.

So we need another million dollars to make these loans.

Senator McKellar. Will you need that much before July 1?

General Bradley. Yes, sir. I do not know how much of it we will need, but this other one is about used up now, and we have asked for permanent legislation to provide the increase up from $500,000 to a million and a half, and this is to carry us over until we can get that permanent legislation. But we need some of it very badly right now.

Senator McKellar. Thank you very much for coming up here. Sorry I have to go.

(At this point, Senator McKellar left the room, and Senator Hayden assumed the chair.)

NUMBER OF VETERANS DRAWING UNEMPLOYMENT COMPENSATION

Senator Hayden. You have a total of 12,000,000 men who went into the service altogether. How many of them are now drawing unemployment compensation?

General BRADLEY. As of the end of February, it was 1,131,394.

Senator HAYDEN. A better comparison would be of the total number discharged.

General BRADLEY. The total number discharged to date after that time was 10,610,000.

Senator HAYDEN. Then about 1 out of 10 were drawing unemployment compensation?

General BRADLEY. That is right.

VETERANS UNEMPLOYED BECAUSE OF STRIKES ARE NOT ELIGIBLE FOR UNEMPLOYMENT COMPENSATION

Senator FERGUSON. General, is that because they cannot get jobs? We do not include in that number strikes, do we?

General BRADLEY. We think there are several things that enter into it. We think strikes have a lot to do with it. Under the specific provisions of the Servicemen's Readjustment Act of 1944, as amended, with certain exceptions, if a man is thrown out of work because of striking he is not eligible to this benefit. So we think some are hesitant to get a job because they are afraid that they might go out on strike without having any nest egg laid away.

Senator FERGUSON. Suppose he did take a job today and tomorrow they strike? How can he get back on this?

General BRADLEY. He cannot, if he is involved in the strike or is in a group of workers who may benefit from a wage dispute.

Senator FERGUSON. He cannot quit?

General BRADLEY. He would not be eligible for readjustment allowances if disqualified under the act.

Senator FERGUSON. Is he forever barred?

General BRADLEY. Yes, indefinitely, but if he obtains other bona fide work and is subsequently unemployed, and not disqualified, he may receive benefits.

Senator FERGUSON. Can he not quit that strike-bound plant?

General BRADLEY. He could not change his status after being unemployed because of strike conditions disqualifying him.

UNEMPLOYMENT COMPENSATION FEATURE IS AVAILABLE TO VETERANS WITHIN 2 YEARS AFTER DISCHARGE

Senator BALL. Is this only paid to him when he is unemployed directly after leaving the service, or does it apply to any time?

General BRADLEY. Any time within 2 years after he is discharged or after the end of the war, whichever is the later date.

Senator BALL. So that if he gets a job and then loses it, he can draw this?

General BRADLEY. That is right; yes, sir. I think that in the case you talk about, that man could quite probably go somewhere else and get a job.

Then if he were laid off for some reason other than a strike, he would probably become eligible.

Senator FERGUSON. You take this General Motors strike which has been going on for 112 or 113 days now.

General BRADLEY. Some States have laws that provide if a man has been out on strike for a certain length of time, he does become eligible

for unemployment compensation. Louisiana is one of those States, I believe.

TOTAL NUMBER OF VETERANS WHO HAVE DRAWN BENEFITS

Senator BALL. There are 1,140,000 on the rolls now. Do you know how many in total have drawn these benefits?

General BRADLEY. Something like two and a half million have been on the rolls at one time or another.

Senator FERGUSON. Is this the peak?

General BRADLEY. I believe this is about the highest figure we have. The thing ran about a million all during February. At the beginning of December, it was between 300,000 and 400,000 and then it shot up very rapidly during December and January.

Senator FERGUSON. That would indicate, would it not, that strikes have pushed it up?

General BRADLEY. We think that has had something to do with it. In certain parts, that is pretty good wages.

PUERTO RICO WHERE WAGES ARE LOW

Senator OVERTON. You say, General, there were other causes besides?

General BRADLEY. Well, in some parts, like Puerto Rico, for example, that is a pretty big wage. The last figure I had: Out of the 55,000 men in World War II, about half of them have been demobilized, and of that half, about 50 percent are drawing unemployment compensation, something over 17,000, I believe.

Senator FERGUSON. In other words, the compensation is almost as much as they can earn?

General BRADLEY. Well, our manager down there said that the average wage for about 80 percent of the laborers was from $8 to $10 a week. The unemployment compensation is $20 per week.

Some of them, for example, go on the rolls and stay on only one or two weeks. In fact, we have had cases where a man took his name off before he had drawn his first week's check.

Senator BALL. The great majority are not sponging?

General BRADLEY. We do not believe so. We believe most of these men would rather work than draw unemployment compensation. It should be stated here that this allowance is not paid until after a veteran has registered for work and suitable work is not obtainable.

Senator FERGUSON. You take a case like Puerto Rico, where the wage is so low that the incentive is there for him to take his compensation.

General BRADLEY. Certainly it is larger there than it would be where a man could probably work for $25 or $30 a week instead of drawing $20.

Senator FERGUSON. As I understand it, they had sergeants down there drawing as high as $500, with all their children.

PROCESSING LOANS (FEDERAL AGENCIES)

Senator BALL. General, I notice on this table that you inserted in the House record on page 18, the item for "Processing loans (Federal agencies)," the 1946 appropriation estimate was $19,800,000.

You now have reduced that to $1,237,500. I wonder what has happened in that?

Mr. MOORE. Pardon me. What is that item?

Senator BALL. That is on page 18 of the House hearings, "Processing loans (Federal agencies)."

I have had a great many veterans come in and tell me that the red tape involved in getting one of these loans was so much they just gave it up.

I wondered why that was being reduced. I take it that is what you were going to pay Agriculture and FHA to process those loans.

Mr. MOORE. In a great many respects this reduction is due to Public Law 268, Seventy-ninth Congress, authorizing a much longer period for guaranteeing loans, and the smaller number of loans than expected, and the fact that this legislation eliminates the processing of applications for loan guaranties by other Government agencies.

TOTAL NUMBER OF LOANS

Senator BALL. Have you any figure on what is the total of loans?

General BRADLEY. Total number of applications received, up to the last of February, was 97,707. The number of guaranty commitments granted was 81,395.

Senator BALL. They are in pretty good shape, then?

General BRADLEY. The number of applications pending was 7,953.

AMOUNT OF LOANS TO VETERANS

Senator BALL. What is the average? Two thousand?

General BRADLEY. The average commitment of the Government is about $1,650 per loan. That is on homes, farms, businesses, all loans.

Senator BALL. The Government guarantees up to three thousand?

General BRADLEY. Under the old law which was operative up to December 20, two thousand. Now it is two thousand on nonreal estate loans and four thousand on real estate, not to exceed 50 percent of the loan.

Senator BALL. Not to exceed 50 percent of the loan. So that he would have to get an eight-thousand loan on real estate.

Senator OVERTON. The FHA will guarantee up to 90 percent.

Senator BALL. Will insure.

Senator OVERTON. Insure; yes.

General BRADLEY. The veteran may get a loan guaranty on a mortgage junior to that involved in the FHA loan if it does not exceed 20 percent of the purchase price or pay the difference.

Senator OVERTON. 20 percent?

General BRADLEY. Yes.

Senator OVERTON. But as to this guaranty by the Government of the four thousand on a real-estate loan: Does that work in with the 90 percent that the FHA insures?

General BRADLEY. As I stated before, in accordance with section 505 of the act, a second loan may be 100 percent guaranteed if the first loan is insured by the FHA, provided the second loan does not exceed $4,000, or 20 percent of the purchase price of the property.

Senator FERGUSON. You guarantee 50 percent of the second mortgage?

General BRADLEY. No; 100 percent.

BUILDING HOMES FOR VETERANS

Senator OVERTON. I want to ask you this one question: You talk about building homes for veterans. If veterans were given the facilities of FHA, now, for instance, coupled with the guaranty of up to $4,000, and also with a provision for giving them preference on building material, it seems to me that they would be in pretty good shape so far as building was concerned.

General BRADLEY. Well, you see, they have to make the loan from a bank or other lending institution, and I think in some places they are having no great difficulty making loans. You spoke of the red tape involved.

I think there are two things that have influenced that very materially. In some cases the banks have taken more interest in making loans to veterans than in other areas. In addition to that, in some places you have more inflation than you have in others.

The amount of the purchase price on which the loan is made must be within a reasonable value as determined by an appraiser. So where you have inflation, you probably cannot buy a place for a price which is within what an appraiser will say is a reasonable price for it, and that is put in there, as I understand it, to protect the veteran as well as the Government.

We have had veterans thank us very much for helping them on that.

Senator FERGUSON. But where he builds, the FHA guarantees 90 percent, does it not?

General BRADLEY. Well——

Senator OVERTON. But the point the general makes is that before the bank will make the loan on this insured FHA proposal, it must be somewhat commensurate with the value as determined by an appraiser.

Senator FERGUSON. But I was talking about new buildings. I think they put up 90 percent of the cost of the new building.

General BRADLEY. I am not familiar with the details of FHA insured loans.

AVAILABILITY OF MONEY FOR LOANS TO VETERANS

Senator FERGUSON. That brings up an item I had this morning. I had a letter from Michigan claiming that they wanted a million dollars appropriated for Michigan to loan to veterans. That was the Agriculture Department.

Now, is there enough money in these funds so that you are not limited by funds?

General BRADLEY. We do not make the loans.

Senator FERGUSON. I know you do not, but do you know whether there is a deficit in money, so that the men cannot go out and get the money?

General BRADLEY. I do not believe there is yet. I met with a bunch of lenders last fall, and they said that if these loans could be made sufficiently negotiable so that they could be passed on, sold and passed between lending agencies, they did not believe there would be a limit; there would be a limit on the funds which would provide funds to all

the veterans that wanted it. It may be that in some areas there is a shortage of money, but I do not believe there should be yet.

I might state, sir, that we have simplified that form very materially. Originally it was quite a long form, and under this new law we have simplified that and gone over it quite at length.

We have it down now so that it is on two sides of a sheet of about that size. The part the veteran has to fill out is about that much on one side and that much on the other. [Indicating 5 inches and 3 inches respectively.]

The rest of it is filled out by the lender. Then there is a part for the appraiser, but that is his business to fill out. As far as the veteran is concerned, he is only involved in one sheet between the banker and himself, and the former fills out the most of that.

Senator HAYDEN. Thank you, General.

FEDERAL SECURITY AGENCY

STATEMENTS OF MICHAEL J. SHORTLEY, DIRECTOR; AND JOSEPH HUNT, CHIEF, ADMINISTRATIVE STANDARDS DIVISION, OFFICE OF VOCATIONAL REHABILITATION

OFFICE OF VOCATIONAL REHABILITATION, PAYMENTS TO STATES

Mr. SHORTLEY. My name is Michael J. Shortley, Director, Office of Vocational Rehabilitation, Federal Security Agency.

Senator HAYDEN (reading):

Office of Vocational Rehabilitation. Payments to States: For an additional amount, fiscal year 1946, for "Payments to States," including the objects specified for this purpose in the Federal Security Agency Appropriations Act, 1946, $3,435,000, of which not to exceed $5,000 shall be available for providing rehabilitation services to disabled residents of the District of Columbia under section 6 of the Vocational Rehabilitation Act.

Now, if you will make us just a brief statement, we will appreciate it very much.

MEDICAL AND PSYCHIATRIC EXAMINATIONS

Mr. SHORTLEY. The program is growing gradually in accordance with records we have here. I might just show the growth by services. It will take me 2 minutes.

The medical and psychiatric examinations have grown 75 percent this year over last year. The medical and surgical treatments have grown 270 percent for 1946 over 1945. Hospitalization has grown 285 percent. Prosthetic appliances, training, training materials and transportation, and occupational tools and equipment have all grown considerably from 1945 to 1946. It is for this purpose that we need these additional funds.

MATCHING REQUIREMENT OF THE STATES

Senator BALL. What is the matching requirement of the States on this program?

Mr. SHORTLEY. For certain services, case services, services bought for the clients, it is 50 percent, but the Federal Government pays all

other costs of the program and in toto it amounts to a 70–30 program, 70 percent Federal funds and 30 percent State funds.

Senator BALL. Then you say this additional amount that is needed to match the States is going primarily for services which the Federal Government pays in toto?

Mr. SHORTLEY. It goes for both.

Senator FERGUSON. How much will the States increase their allotment?

Mr. SHORTLEY. The States increased their appropriation 60 percent for 1946.

Senator FERGUSON. How much did we increase ours, without this deficiency?

Mr. SHORTLEY. Ours remained the same.

Mr. HUNT. The Congress appropriated $8,258,900 for '46. The appropriation for 1945 was eight million. The States increased their appropriations 60 percent for 1946.

Mr. SHORTLEY. That is our 1946 appropriation.

AMOUNT ALLOCATED TO STATES

Senator BALL. You want to increase that? How much have you allocated to the States so far?

Mr. SHORTLEY. We have in the Treasury now a total of $825,000 to meet these costs of three million four hundred thirty-five thousand for the last quarter of the year.

NUMBER OF PERSONS REHABILITATED

Senator FERGUSON. How many people have you that you have rehabilitated?

Mr. SHORTLEY. The States have about 105,000 in process of rehabilitation now.

NUMBER OF EMPLOYEES CONNECTED WITH PROGRAM

Senator FERGUSON. How many employees have you?

Mr. SHORTLEY. We closed last year with about 42,000, and those individuals were given all the services——

Senator FERGUSON. You have one employee for every three people being rehabilitated?

Mr. HUNT. Forty-two thousand of those cases were taken through the rehabilitation services completely and were placed in employment.

Senator FERGUSON. May I ask the question this way: How many employees have you connected with this program?

Mr. SHORTLEY. This is a State-operated program, Senator, and the States hire the employees.

Senator FERGUSON. But you are paying them?

Mr. SHORTLEY. Yes; through grants-in-aid to the States.

Mr. HUNT. State budgets approved by us provide for 1,231 man-years of professional personnel and 1,011 of clerical personnel. They are all State employees and are paid by the State out of Federal funds. There are 82 agencies participating. There is an agency in

each State for general rehabilitation, and in 33 States there is a separate agency for the blind that is authorized under State law to provide rehabilitation services to the blind.

NUMBER OF REHABILITATION CASES IN PROCESS NOW

Senator BALL. This has jumped from 42,000 persons being rehabilitated in the program at the end of the last fiscal year to 105,000?

Mr. SHORTLEY. No; the 105,000 are those in process now. They are being provided with services. They will all be rehabilitated into employment.

Senator BALL. But what is the comparable figure for a year?

Mr. SHORTLEY. About the same.

Senator BALL. 105,000 a year ago?

Mr. SHORTLEY. No; the number rehabilitated into employment is about the same. That figure was not expected to grow this early in the program.

INCREASE IN REHABILITATION CASES BEING SERVED OVER LAST YEAR

Senator BALL. But what I am getting at is that you have 105,000 being served now. How many did you have being served a year ago in the program?

Mr. SHORTLEY. I think the growth is 17 percent, from 89,416 to 105,893.

Senator HAYDEN. 89,000 in process a year ago, and during this year you completely rehabilitated some 40,000?

Mr. SHORTLEY. Yes, sir.

Senator HAYDEN. And that 40,000 has been replaced by even more?

Mr. SHORTLEY. That is right.

PERCENTAGE INCREASE IN BUDGET OVER LAST YEAR

Senator FERGUSON. But it is only an increase of about 17 percent. What is your budget going up? How many percent?

Mr. SHORTLEY. As 3 million is to 8 million.

Senator FERGUSON. About 35 percent, or about double?

Mr. SHORTLEY. 35 percent.

Mr. HUNT. The program now is about 2½ years old. The States had to get it organized under the State plans, provided by law. The variety and number of services they are giving to clients under Public Law 113 is increasing, as was expected following the organization of the new programs. The States are getting to the point where almost all clients are receiving medical examinations. There is a great deal more surgical hospitalization, training, maintenance, and so forth.

CASES ARE NOT THOSE OF VETERANS

Senator FERGUSON. But what about our Regular veterans program? Everybody can get a medical examination there.

Mr. HUNT. The States' clients are not veterans.

Mr. SHORTLEY. These are just those that were injured in industry or otherwise as provided in Public Law 113.

Senator FERGUSON. No connection with veterans?

Mr. SHORTLEY. You see, there are about a million disabled civilians in the country, as shown by the National Health Survey, that need rehabilitation services to make them employable. Those services include physical restoration, to remove the disability or to reduce it. They include guidance, counseling, vocational training, and placement in employment.

PERSONS WITH VOCATIONAL HANDICAPS ARE ENTITLED TO EXAMINATIONS

Senator FERGUSON. But I did not quite understand his statement that anyone could get a physical examination.

Mr. HUNT. Anyone who has what the act refers to as a disability which is a substantial employment handicap may be given a physical examination to determine eligibility.

COSTS TO FEDERAL GOVERNMENT

Senator BALL. Does the Federal Government pay for those examinations 100 percent?

Mr. HUNT. Fifty percent for all physical examinations, hospitalization, surgical treatment, vocational training, occupational tools and equipment, maintenance, and so forth.

Senator BALL. What is it we pay in toto?

Mr. SHORTLY. All administrative costs, and also the costs of professional counseling and guidance that is given to these clients directly.

Senator BALL. We pay that in toto?

Mr. HUNT. That is right.

Senator BALL. Then, what we in effect do is to ask the State to split the actual medical rehabilitation cost, and then the Federal Government pays all their administrative expense?

Mr. HUNT. And all the vocational guidance and counseling.

Senator FERGUSON. Who would pay rent? 50–50 on that?

Mr. SHORTLY. The Federal Government pays that.

Senator FERGUSON. Pays all that?

Mr. SHORTLEY. Yes, sir.

Senator FERGUSON. Is that in the act?

Mr. SHORTLEY. Yes, sir.

Senator FERGUSON. What do you include in what the State pays half?

Mr. SHORTLEY. Hospitalization, any surgical treatment, any prosthesis that is furnished, any artificial legs, arms, hearing aids, any of those things; also maintenance during training, occupational tools and equipment that are furnished, all those things that are purchased for the clients in order to make them employable.

Senator BALL. The State splits on all that?

Mr. SHORTLEY. Yes, sir.

Mr. HUNT. And they have appropriated over $5,000,000 this year for that purpose.

COST OF REHABILITATION PER PERSON

Senator FERGUSON. In other words, we are paying about $15,000,000 to rehabilitate 100,000 people?

Mr. SHORTLEY. The cost of rehabilitation runs somewhere between two and three hundred dollars a person, and that can be compared to the cost of maintaining those individuals on relief rolls, a constantly recurring cost that runs somewhere between three and five hundred dollars each year.

Senator FERGUSON. Yes; I understand you always can compare that.

PROGRAM FOR YEAR AND PURPOSE OF INCREASE

Senator BALL. Do you have a break-down of your program for this year as it came over in the budget estimates covering this $8,200,000 and what this increase is specifically for, what kind of services? Have you that kind of a break-down here?

Mr. SHORTLEY. That break-down that I gave you a moment ago on items, which shows the increase?

Senator FERGUSON. Are more employees needed?

Mr. SHORTLEY. The States need more employees now to aid in this backlog of cases.

Senator FERGUSON. How many Federal employees do we have on this program?

Mr. SHORTLEY. About 120.

Senator FERGUSON. Would we increase that number?

Mr. SHORTLEY. This is all for grants to the States.

Senator FERGUSON. But on those State employees we pay for—that is 50 percent?

Mr. SHORTLEY. No.

Senator FERGUSON. Then we are really hiring those people?

Mr. HUNT. We are not permitted to hire these people.

Senator FERGUSON. But we are paying them. Do they have the right to add in at their discretion any number of employees?

Mr. HUNT. They must submit to us every 6 months a budget estimate showing the number of employees they need and describing in detail what they are going to do with the money that is requested.

AMOUNT OF INCREASE FOR ADDITIONAL EMPLOYEES AND AMOUNT OF INCREASE FOR VOCATIONAL SERVICE

Senator BALL. That is what I wanted to get: How much of this is for additional employees and how much for additional services, to these handicapped people?

Mr. HUNT. Of course, a large part of the 100-percent item spent for the salaries of State employees and other State expenses benefits the client directly.

There is assigned to each client a counselor who secures data on school and work experience, gives or arranges with a psychologist to give tests for aptitudes, skills, and interests. He works with the client, doctor, medical social worker, and others in formulating a plan for the client's rehabilitation and assists the client while he is carrying out the plan in order that rehabilitation will be good, and proper adjustment made.

Senator FERGUSON. That is what you mean when you say you have added to the services: You take him to more people?

Mr. HUNT. There are more medical examinations being provided by the State. There are more hospital cases. There are more cases of vocational training, more cases of maintenance and so forth.

FIGURES ON EXACT TYPE OF SERVICES APPROPRIATION IS TO BE USED FOR

Senator BALL. Do you have figures here on exactly what type of services this money goes for?

Mr. HUNT. Yes; in the budget document the funds required are shown.

Senator BALL. But what I am trying to get at is a comparison of what you base your original estimate of eight million two hundred thousand on, and what the revised estimate is which will show where this three and a half million is going. That is what I want. This does not give it. Do you have that kind of a document, or can you give us one?

Mr. HUNT. We can get any break-down that you require, sir. These statements give a break-down showing State by State in detail the needs for the rest of the year.

Senator BALL. Surely, but that does not show what it is for. What I want are items such as medical and psychiatric examinations, medical and surgical treatment, maintenance and transportation, and so forth; on all those the State matches 50–50.

On occupational tools, equipment, and so on, the State matches. Then on the hundred-percent Federal items, show us what you had planned on your $8,200,000 and what your figures are that make this three and a half million additional necessary. That is what I want to see.

Mr. HUNT. Would you like that broken down State by State?

Senator BALL. No; I do not care as to that.

Mr. HUNT. We can give you that.

Senator HAYDEN. Put that in the transcript.

(The information requested appears on pp. 50–51.)

Senator BALL. We cannot tell, you see, from these figures, what it is going to be for, and how much is being matched by the States.

QUESTION AS TO VARIATION BETWEEN STATE AMOUNTS

Senator FERGUSON. On my own State you claim that the total funds required would be $409,836. Michigan is to put up $137,320. Take New York up here, and New York is to put up $286,680, and the Federal Government only $289,380. Why would you get an item like that? Why would you have so much variation between Michigan and New York?

Mr. HUNT. There is a difference in the variety of services now being provided by the States—a difference in the manner of conducting programs. All of the State programs are not conducted in the same way. Some go into a greater variety of services, and some are expanding, of course, faster than others.

You see, the program just dates back about 2½ years, and it may not reach a point of stability for 5 or 6 years hence. At that time all the States may be providing a series of services similar in character and volume distribution. But now one State may emphasize physical

restoration more than another. Another State may emphasize some other service such as training.

Senator FERGUSON. Does the Federal Government not lay down the program?

Mr. HUNT. The law provides that the States shall have the responsibility for the operation of the program. The Federal office establishes standards in cooperation with the States.

Senator FERGUSON. But you spend there almost $4 to $1. In New York you spend about dollar for dollar, just taking my own State. Now, take Illinois. Illinois' approved budget is $165,000. Total Federal funds required are $162,000 which is a little less than the State puts up, but yet I come down to Michigan, and we put up $137,000 and you want to spend $409,000. How do you account for such variation? Is that figure wrong?

Mr. HUNT. With respect to Michigan there is an item in the document there that provides for a rapid expansion during the balance of this year.

The percentage relationships here, you see, apply only to this quarter. This would not represent the normal situation in the Michigan program, for example, during all of the next fiscal year.

Senator FERGUSON. But how are we to know here? You are asking us to appropriate money. How do we know about these things if you do not tell us? I think we will have to have a break-down of that, Mr. Chairman.

Senator HAYDEN. The committee will adjourn subject to call of the Chair.

(Whereupon, at 12:45 p. m., Tuesday, March 12, 1946, the committee adjourned.)

SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1946

WEDNESDAY, MARCH 13, 1946

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10:30 a. m., Hon. Kenneth McKellar (chairman of the subcommittee) presiding.

Present: Senators McKellar, Hayden, Russell, Overton, Thomas, McCarran, O'Mahoney, Gurney, and Ferguson.

Senator MCKELLAR. Well, gentlemen, let us proceed. I understand Admiral Allen is here, and wishes to present something.

NAVY DEPARTMENT

STATEMENT OF REAR ADM. EZRA G. ALLEN, UNITED STATES NAVY, DIRECTOR, OFFICE OF BUDGET AND REPORTS

Admiral ALLEN. I have no item in the regular bill, sir.

Senator MCKELLAR. All right, sir. What is it, Admiral?

SECRETARY'S LETTER ON LANGUAGE AMENDMENT REQUESTED FOR EXPENSES OF ALIEN CREWS

Admiral ALLEN. Senator, the Secretary of the Navy wrote a letter on the 27th of February, and I have the only copy of it. If I may, I will read the necessary part.

Senator MCKELLAR. Yes, sir.

Admiral ALLEN. The pertinent part reads as follows:

> The appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1946, shall be available for expenses in connection with the transfer to the United States of foreign vessels, including pay, subsistence, clothing, transportation, and repatriation of alien crews.

FUNDS NEEDED FOR CLOTHES, PAY, AND SUBSISTENCE OF GERMAN CREW ON "PRINZ EUGEN"

The item has to do with the fact that we brought a German cruiser, the *Prinz Eugen* to the United States which we are going to bomb. It had a German crew and we have to pay for their clothes, pay, and subsistence.

I was only able to use $41,000 out of the Navy emergency fund.

Senator MCKELLAR. How much is it going to take, Admiral?

ADDITIONAL AMOUNT REQUESTED

Admiral ALLEN. I need about $70,000, additional sir, for the officers and crew of the *Prinz Eugen.*

Senator McCARRAN. What is the item?

Admiral ALLEN. $15,000 a month for pay, and we feel we will have to pay them until June. This is 4½ months pay. We recently authorized some Navy clothing.

Senator OVERTON. Are they prisoners of war?

Admiral ALLEN. They have no clothing. We will take the insignia off the naval clothing issued.

Senator O'MAHONEY. Are they prisoners of war?

Admiral ALLEN. No. Those are the crew of the *Prinz Eugen* who volunteered.

Senator McKELLAR. Did you capture that?

Admiral ALLEN. No, we were assigned the vessel. The German crew are to work the ship to San Francisco, and they may have to work her to Honolulu. Then, we want to send back the German crew to Germany. Transportation will be on United States naval vessel probably as to returning from United States to Germany.

Senator O'MAHONEY. The point is you have employed Germans to move the ship other——

Admiral ALLEN. Yes, sir.

Senator O'MAHONEY. Instead of using naval personnel, blue jackets.

Admiral ALLEN. That is right.

Senator OVERTON. Is that a cheaper operation?

Admiral ALLEN. We would have had to get a crew to Germany to operate it, and it is simpler to have the Germans do it as they know the ship.

RATE OF PAY

Senator O'MAHONEY. You are paying these Germans the rate of pay they received in the German Navy?

Admiral ALLEN. Yes, sir.

Senator McKELLAR. You are not paying what we pay them?

Senator O'MAHONEY. More or less.

Admiral ALLEN. Much less. There were 574 originally. We still have 10 officers and 270 men.

Senator O'MAHONEY. What is the highest salary you pay an officer?

Admiral ALLEN. $40.

Senator O'MAHONEY. What does the crew get?

Admiral ALLEN. The crew gets $3 a month plus 80 cents a day subsistence.

Senator O'MAHONEY. That is a month?

Admiral ALLEN. $3 a month for the crew.

Senator O'MAHONEY. That is their compensation?

Admiral ALLEN. Yes, sir.

Senator O'MAHONEY. You are telling us that the German Navy paid its officers this rate, the equivalent of $40 a month, and the crew the equivalent of $3 a month?

Admiral ALLEN. That is right, sir.

Senator McKELLAR. It is probably a matter of exchange. You give them subsistence.

Admiral ALLEN. Yes, sir.

Senator McKellar. They do not have much money.

Senator McCarran. At the rate of $3 a month.

Senator O'Mahoney. Are you not calculating German currency in terms of American dollars?

Admiral Allen. That is right.

Senator O'Mahoney. What was their normal pay?

Admiral Allen. I do not have it here but I will have to put it in the record.

Senator McKellar. How much will it take, Admiral, to get them back home?

BREAK-DOWN OF ESTIMATE REQUESTED

Admiral Allen. We have estimated we needed $67,000 more for pay and $3,000 worth of clothing. If I had enough money in the Navy emergency fund I could handle it.

AMOUNT RESCINDED

Senator McKellar. How much did you rescind?

Admiral Allen. We rescinded $1,000,000.

Senator McKellar. You want $70,000 back?

Admiral Allen. I am not asking for it in the emergency fund.

Senator McKellar. Have you got the language?

Admiral Allen. It was the language I read.

Senator McKellar. Read it over, slowly.

Admiral Allen. It states:

TEXT OF LANGUAGE AMENDMENT REQUESTED

The appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1946, shall be available for expenses in connection with the transfer to the United States of foreign vessels, including pay, subsistence, clothing, transportation, and repatriation of alien crews, and such expenses incident to tests of the atomic bomb as the Secretary of the Navy may deem necessary.

Senator McKellar. You have got the money but you want the language to permit you to use it.

Admiral Allen. Yes.

Senator O'Mahoney. Is it not a fact you have neither the language nor the money?

Admiral Allen. Not in the naval emergency fund.

SITUATION AS RESPECTS USE OF NAVAL EMERGENCY FUND

Senator McKellar. Can you find it in the naval appropriations? If you can, it seems to me——

Admiral Allen. We had an appropriation called the naval emergency fund which provided the Secretary could undertake any expenses that were extraordinary and incident to the war. I do not know whether this could be interpreted as incident to the war.

Senator Overton. It says the appropriation for the Navy shall be available. You are not asking for additional money?

Admiral Allen. No. I will use funds appropriated already.

Senator O'Mahoney. He wants legislation.

Admiral Allen. I would have to pay the pay and subsistence from applicable naval appropriations.

Senator O'MAHONEY. Admiral, let me see if I do not understand the situation as it confronts you.

The Navy thought it was authorized by the language of the emergency fund which permits the Secretary of the Navy to take whatever steps he deems necessary in the prosecution of the war?

Admiral ALLEN. That is right.

Senator O'MAHONEY. To employ these German sailors and bring the German vessel across. Now that fund is exhausted and you are asking this committee to give you both legislative authority and the money to continue this operation.

Admiral ALLEN. That is correct.

Senator OVERTON. But no increase in appropriation?

Senator O'MAHONEY. Yes, he wants the money.

Admiral ALLEN. I could get the money out of the big appropriations already made.

Senator MCKELLAR. I suggest we put in there an appropriation of $10 so as to get around the technicalities.

Admiral ALLEN. And I would have at least five appropriations, with that, sir.

Senator MCKELLAR. Also, it would be simpler. We would have to offer it on the floor.

Admiral ALLEN. I have a second item.

Senator MCKELLAR. Do you not have that already?

Admiral ALLEN. There is an authorizing bill that passed the House authorizing us to carry on the atomic bomb tests. The reason we wanted this is for observers.

Senator MCKELLAR. Do you want an appropriation?

Admiral ALLEN. No. I would like to have this off the record.

(Off-the-record discussion.)

Senator MCKELLAR. Very well.

Admiral ALLEN. I think we had better drop this second part.

Senator MCKELLAR. All right.

Admiral ALLEN. That is all right, if you will authorize the expenses for the *Prinz Eugen*'s crew.

Senator MCKELLAR. All right. I want to suggest you discharge these Germans and send them back home. Thank you very much.

Senator OVERTON. Mr. Chairman, I understand Mr. Lawton is out there in the anteroom.

Senator MCKELLAR. I think we had better call him in.

BUREAU OF THE BUDGET

INCREASED PAY COSTS

ADDITIONAL STATEMENT OF F. J. LAWTON, ADMINISTRATIVE ASSISTANT

COMMENTS ON CONTENTS OF CIVILIAN PERSONNEL REPORT

Senator OVERTON. Mr. Chairman, in making this suggestion to Mr. Lawton, I suggested to him that he leave out the War and Navy Departments.

Mr. Lawton, will you explain to the committee in a general way what you propose to do in compliance with the suggestion that I made to you on yesterday?

Mr. LAWTON. For each year, from 1939 through 1945 we will show by agencies the number of employees, the average number during that year, the cost of personal services, the base salaries. A separate figure will be shown for the overtime in those years and a total for personal services.

In 1946 we will show the estimated average number of employees, the salaries for the base period, the base-pay increases under the various pay acts, the Postal and Federal Employees Pay Acts, total overtime and total of personal services, and then a computation of the increases or decreases in the period from 1939 to 1946.

Senator Overton suggested this morning because of the large number of overseas employees in the War and Navy Departments on which the records are very limited, it might be well to exclude those departments, which had very widely fluctuating costs during the war.

PURPOSE AND FORM OF REPORT

Senator O'MAHONEY. What is the purpose?

Senator OVERTON. So we may be informed how much we have spent and are spending for civilian employees.

Senator O'MAHONEY. And how is it to be presented to us?

Senator OVERTON. In a table, showing only civilian activities. Take the Library of Congress, for example; they would come up for an increase in the appropriation. All right, we will have the information on just what they had, how many personnel they had and how much they increased or whether they decreased the number, and the compensation.

Senator O'MAHONEY. Is this in the nature of an annual report?

Senator OVERTON. Yes, sir.

Senator McKELLAR. It would have to be annual to do any good.

Senator OVERTON. It would be kept up from time to time. If I may explain further, they come here asking for an appropriation. You were here yesterday and you have funds requested, and evidence of it in this bill. We do not know anything about it. We do not know the history of the employment, nor the compensation paid, and if it is right there before us, then we can act more intelligently.

Senator O'MAHONEY. It sounds like a very good suggestion to me.

Senator McKELLAR. I think so.

Senator FERGUSON. I discovered yesterday we were in the dark.

Senator OVERTON. We are generally in the dark.

DISCUSSION ON DATA PRESENTED TO SUPPORT INCREASED PAY COSTS

Senator McKELLAR. Our committee passes this sort of legislation, as on page 4, Railroad Retirement Board, salaries, miscellaneous expenses other than salaries. Now what can you tell us about it?

I asked one of the officers who was testifying how much they were going to increase and he said they were increasing salaries $350,000 and miscellaneous expenses other than salaries $40,000, but they would not be limited to that. The only thing they would be limited to is the amount of money they had to spend.

I have asked them and I wonder if anyone has gotten the figures as to each of these items.

Mr. SMITH. I have them.

Senator McKellar. If all of you will turn to your bills.

Now, the Railroad Retirement Board, salaries, $350,000. Miscellaneous expenses other than salaries, $40,000. Smithsonian Institution: Salaries and expenses, $238,500.

Why should the Smithsonian Institution ask for that? I do not think it was explained yesterday at all why they should have that $238,500. Why should the Smithsonian Institution have that?

The next is salaries and expenses, National Gallery of Art, $184,500.

Department of Agriculture, insect investigations, $270,000.

Do we have, Mr. Clerk, the amount they spent on that already?

Mr. Smith. They have $2,114,900 for the fiscal year 1946. These are the items necessary for the Pay Act.

Senator Hayden. What you did, you went over the House document and took those amounts and put them in here?

Mr. Smith. Yes, sir.

Senator Hayden. The House, instead of putting in the amount, favored the obligation.

QUESTION ON ADOPTION OF FIGURES IN HOUSE DOCUMENT 437

Senator O'Mahoney. It is on page 3, line 13.

Senator Hayden. The question is whether you want to rely on the House document, or specific figures in the bill. The figure is exactly the same.

Senator Ferguson. Whether we want to give what they ask.

Senator Hayden. If you adopt the figures the clerk has prepared, they are identical.

INCREASES PROVIDED BY PUBLIC LAW

Senator O'Mahoney. As I understand, we passed Public Law No. 106 in 1945, being the Federal Employees' Pay Act.

Senator Hayden. Yes, sir.

Senator O'Mahoney. We fixed salaries at certain figures mentioned in this House document, and this is an appropriation to allow the money to pay that.

Senator Hayden. There is one further statement. We provided in these acts increasing pay, that out of the appropriation available for the fiscal year 1946 they might go on and pay, so instead of paying at the old rate they began paying, when the new law was signed, at the new rate.

Now these agencies have run out of money and on the 15th of next month they will not have any money to pay anybody.

Senator Overton. We have no discretion insofar as increasing basic pay is concerned.

Senator O'Mahoney. But we do have discretion with respect to increased personnel.

Senator Ferguson. And overtime.

Senator O'Mahoney. If they are employed overtime.

Senator Ferguson. This law includes so much overtime. This law, or rather this figure, includes a certain amount for overtime pay.

Senator O'Mahoney. I assume that is based upon an estimate of what will be required to pay overtime.

DEPARTMENT RECOMMENDS CONTINUANCE OF OVERTIME

Senator McKellar. Mr. Lawton, is the Department recommending that you continue to pay overtime after the war is over?

Mr. Lawton. Yes, sir.

Senator McKellar. Why? There have been a great many people on overtime.

Mr. Lawton. There have been a great many people that worked on an overtime basis for a number of years. They worked longer than a 40-hour week. The custodial employees formerly worked a 44-hour workweek.

Senator McKellar. Off the record.

(Off the record discussion.)

REQUEST FOR DATA ON OVERTIME PAID POSTMASTERS

Will you furnish the figures as to how many postmasters themselves have been paid overtime?

Senator O'Mahoney. And whether or not there is any authorization of law for that.

Senator McKellar. And give us what post offices have put in overtime. I will not ask for every city. I will ask, for instance, the overtime pay of the New York post office, the Philadelphia post office.

Senator Ferguson. Will you include Detroit?

Senator McKellar. Detroit, and Memphis, Atlanta, New Orleans, Tulsa, and Oklahoma City.

Senator Gurney. Take some of the small cities, too.

Senator McKellar. All right.

Senator Gurney. Yankton, S. Dak.

Senator McKellar. Very well.

CLARIFICATION OF PREVIOUS STATEMENT ON OVERTIME

Mr. Lawton. Mr. Chairman, I would like to correct a statement made yesterday about overtime. Generally, we did not allow it. There were some exceptions. The post offices were allowed overtime for the carriers and some of the other postal employees. Other than that the amount allowed is about 2 percent of the amount allowed this year, largely for hospitals, personnel in the Veterans' Administration and Federal Security Agency, for maintenance and operation personnel in the Civil Aeronautics Administration for Customs officers and Mint Bureau employees.

TIME ELEMENT OF REPORT ON CIVILIAN PERSONNEL

Senator Overton. Mr. Lawton, about how long will it take to furnish the statement that you first discussed here in reference to the break-down by years, personal pay and so forth?

Mr. Lawton. I will try to get it done in a week.

Senator Overton. Now if anybody has any suggestion to add, or anything to eliminate, I will be very glad to hear it.

Senator McKellar. I hope it will be put in such form, Mr. Lawton, that I as chairman of the committee, being a somewhat dull man, can understand what the employees get in the way of salaries. Do not refer to some other figures that they got in some other way, but give us the salaries of the employees.

Senator FERGUSON. Would you feel you ought to have that every 6 months instead of every year?

Senator OVERTON. He is to keep it up currently.

DEPARTMENT OF AGRICULTURE

FARM CREDIT ADMINISTRATION

COMPLAINT ON LOANS TO VETERANS

Senator RUSSELL. Mr. Chairman, while there is no witness here, it has come to my attention a number of veterans have been unable to get any loans from the Farm Credit Administration. I have here a letter from the commander of the American Legion complaining of the fact and the answer of the Head of the Farm Security Administration.

I intended to bring this to the attention of the committee before we got through, and I wonder if the chairman might like to have the Head of the agency up here.

Senator FERGUSON. I have had the same complaints from Michigan.

Senator MCKELLAR. Does the letter show they do not have the money?

Senator THOMAS. They admit they are out.

Senator FERGUSON. I think we had better find out how much they need.

Senator RUSSELL. This letter sets out the matter fully.

FEDERAL SECURITY AGENCY

OFFICE OF VOCATIONAL REHABILITATION

COMPAIRSON OF GRANTS TO MICHIGAN, NEW YORK, AND ILLINOIS

Senator MCKELLAR. All right, Senator Ferguson.

Senator FERGUSON. Yesterday, I had asked for certain information in relation to the amount appropriated. I asked about appropriations for various states. For instance, down in New York, and I did not have the figures before me at that time. In New York and Michigan, for comparison. The present approved State budget in New York is $286,680, and the total Federal funds required are $289,380, while in Michigan the approved State budget is $137,320, and the total Federal fund required is $409,836.

Why do you have such a variation? I went to Illinois to get an idea on Illinois. Illinois was $165,809 approved State budget, and $162,979, total Federal funds required.

ADDITIONAL STATEMENTS OF MICHAEL J. SHORTLEY, DIRECTOR, OFFICE OF VOCATIONAL REHABILITATION, ACCOMPANIED BY JOSEPH HUNT, ADMINISTRATIVE STANDARDS DIVISION, OFFICE OF VOCATIONAL REHABILITATION; HERBERT W. BEASER, ATTORNEY; AND EDWARD B. KELLY, ACTING BUDGET OFFICER

Mr. HUNT. This document covers only the fourth quarter. The first column shows the amount of money that is to be paid from Federal funds to each of the States, with the fourth quarterly grant.

SITUATION IN MICHIGAN

Senator FERGUSON. All right. That would mean $409,836 went to Michigan and Michigan only put up $137,320.

Mr. HUNT. The $137,320 in that column is Federal funds entirely.

Senator FERGUSON. Oh, the approved State budget is Federal funds?

EACH STATE CONTRIBUTION IN ACCORDANCE WITH LAW

Mr. HUNT. The approved State budget which the Federal Government must contribute to each State contributes its share in accordance with the law. Yesterday, we did not grasp the full significance of your statement. The States do contribute to this program.

STATE CONTRIBUTION NOT SHOWN IN TABULATION

Senator FERGUSON. So that is not State money there at all in these figures.

Mr. HUNT. No, sir.

Senator FERGUSON. That is what threw me off.

AMOUNT APPROPRIATED BY STATES THIS FISCAL YEAR

Senator RUSSELL. What is the maximum that will be required of the States?

Mr. HUNT. The States have appropriated for this fiscal year over five million dollars. The service provided for includes mental and psychiatric examinations, hospitalization up to 90 days, vocational training occupational tools and equipment. Of all these items furnished to the client, the State pays 50 percent and the Federal Government 50 percent.

GOVERNMENT PAYS ALL ADMINISTRATIVE COSTS

Senator RUSSELL. The Government pays 100 percent of the administrative costs?

Mr. HUNT. Yes, sir.

METHOD OF DETERMINING FEDERAL GRANT TO A STATE

Senator RUSSELL. How do you arrive at the amount each State is to receive?

Mr. HUNT. According to the law, the State shall be given whatever amount of funds the State shows it requires. In order to show it requires a certain amount, the States must submit to the Federal Security Agency a detailed budget for six months indicating the various items of expenditure, and the number of clients they have, the number of cases they expect before the close of the year, how much money they will need for items like medical examinations, surgery, hospitalization, vocational training and so forth, and how many clients are involved with respect to each service.

STATE BUDGET REVIEWED PRIOR TO GRANT

These budgets are reviewed by us and grants are then made to the States through the Treasury.

COMPARISON OF GRANTS TO GEORGIA AND NORTH CAROLINA

Senator RUSSELL. I notice my state of Georgia got $232,583 under its approved State budget for this quarter.

Mr. HUNT. Yes, sir.

Senator RUSSELL. Where the State of North Carolina only gets $159,070 and North Carolina has as large a population as Georgia, even larger perhaps.

Mr. SHORTLEY. It means the program has developed faster and more effectively in one State than in another.

Senator MCKELLAR. What do you mean?

Mr. SHORTLEY. I mean the State has developed its plan and its program. It has made contacts and agreements of understanding with welfare agencies. There the individuals on the public relief rolls have been called to the State's attention, and the State has organized its program and hired the necessary people to provide the rehabilitation services required and the program has gone forward.

COMPARISON OF GRANTS TO TENNESSEE, NORTH CAROLINA, AND GEORGIA

Senator MCKELLAR. I call your attention to Tennessee. The amount allowed was $87,830, and that is about one-half of North Carolina and about one-third to the State of Georgia. Does that mean that the Tennessee people have not advanced their part of the work?

Mr. SHORTLEY. It could mean two things. One, the State planning has not developed as fast or as effectively as in another State, or it could mean the State legislature has limited the appropriation of State funds necessary to develop the program to its proper size.

Senator MCKELLAR. I wish you would put in the record what is the trouble with Tennessee. Tennessee is just about the size of Georgia and North Carolina. It is not quite, but not very far from it.

NUMBER OF CONGRESSMEN IN GEORGIA, TENNESSEE AND NORTH CAROLINA

How many Congressmen do you have in Georgia?

Senator RUSSELL. We have 10.

Senator MCKELLAR. We have 10, and you have 10. North Carolina has 10. According to this, Tennessee gets about one-half of what North Carolina does and about one-third the amount Georgia gets.

Mr. SHORTLEY. Senator, could we put some figures in the record?

Senator MCKELLAR. I wish you would.

EXPLANATION OF ITEM "ADJUSTMENT FOR UNEXPENDED BALANCE OF FEDERAL FUNDS"

What does the minus sign indicate, under "Adjustment for unexpended balance of Federal funds"?

Mr. HUNT. We have to make adjustments for every quarter because of unexpended Federal balances in the custody of State treasurers.

Senator MCKELLAR. What significance does it have?

Mr. HUNT. We put in the first column [indicating] the amount of the approved State budget. We get reports every quarter indicating how much Federal funds they have on hand and we deduct that amount from the grant.

Senator McKellar. You mean you took off $14,000 from Tennessee and granted it to somebody else?

Mr. Hunt. No. In this case Tennessee got $14,830 additional adjustment.

STATE CASE LOAD AFFECTS FUND REQUIREMENTS

In the fiscal year 1945 there were 10,466 cases in Tennessee. That same year there were 25,329 in the State of Georgia, and in the State of North Carolina there were 6,296.

So, you see, their requests for funds would have to be in conformity with their service requirements.

Senator Russell. People in Georgia were more diligent.

Senator McKellar. There is something different about it I do not understand.

Senator Ferguson. Could this be true, no one set of figures on rehabilitation should apply to all other cases?

Mr. Shortley. Yes; but they must determine it on a fairly uniform basis. First the State must determine the individual has a disability and they do that by medical and vocational diagnoses. To provide physical restoration, the state must make the determination that the condition is static, and remediable within a reasonable length of time and that the client is in financial need.

Senator Ferguson. Can be changed.

Mr. Shortley. Yes, something that can be remedied in a reasonable length of time.

LIMIT ON PERIOD OF HOSPITALIZATION

No state, with the use of Federal funds can provide hospitalization for a period of over 90 days.

REASON FOR GRANT VARIATION BETWEEN NEIGHBORING STATES

Senator Ferguson. That being true, how do you get this great variation between states that are neighboring states?

Mr. Shortley. One State may move quickly in building up an effective organization, and in establishing effective contacts with all community facilities. We have established, with 20-some national organizations, agreements of understanding so that the field facilities of those national organizations will agree to enter into arrangements with the State agencies whereby these individuals will be promptly referred for rehabilitation services.

Senator Ferguson. Then there is a certain amount of promotional work going on in some States?

Mr. Shortley. Yes, sir.

Senator Ferguson. And if they develop the program faster, they get more money, which is an explanation why Michigan got more.

Mr. Shortley. There is a direct relationship between people on rehabilitation service and the population.

Senator Ferguson. What was the load?

Mr. Shortley. Michigan has a faster developing program.

CASE LOAD IN MICHIGAN AND TENNESSEE AND NUMBER REHABILITATED IN 1945

Senator FERGUSON. What is the case load?

Mr. SHORTLEY. Michigan had 11,836.

Senator McKELLAR. How many did Tennessee have?

Mr. SHORTLEY. 10,466.

Senator McKELLAR. How much difference is that?

Mr. SHORTLEY. About a thousand.

Senator McKELLAR. Just a thousand difference and Michigan gets——

Senator FERGUSON. $409,000 compared to $102,000. That is just about four times.

Mr. HUNT. There is another figure to be considered in connection with an analysis of the case load. In Michigan, in 1945, 2,188 cases were completely rehabilitated and in Tennessee 1,378.

Senator McKELLAR. There is some reason about it.

I will put it in the record so everybody can see what the figures are, but this Government wants to treat everybody in all the States as nearly alike as possible, and the idea of giving one State four or five times as much as the other seems unthinkable.

Mr. SHORTLEY. These figures on grants that Mr. Hunt is giving you are for the fiscal year 1946.

Senator McKELLAR. Give them for the year before.

Mr. HUNT. During the fiscal year 1945 the amount of Federal funds spent by Tennessee was $241,293; Michigan, $406,968; Georgia, $393,-896; North Carolina, $390,977. The amount of State funds spent were: Tennessee, $90,390; North Carolina, $131,992; Georgia, $131,592; and Michigan, $173,869.

Mr. SHORTLEY. Michigan is moving faster in developing the program.

Senator McKELLAR. All right, Mr. Clerk, put this in the record.

(The tabulation referred to is as follows:)

Federal Security Agency, Office of Vocational Rehabilitation—Federal funds required for payments to States for the period Apr. 1 through June 30, 1946

State or Territory	Approved State budgets	Adjustment for unexpended balance of Federal funds	Other adjustments and supplemental grants [1]	Total Federal funds required
Region I:				
Connecticut	$67,363	$8,119	$17,250	$76,494
Maine	23,821	−2,080	900	26,801
Massachusetts	67,213	68	15,000	82,145
New Hampshire	22,001	3,154	450	19,297
New York	286,680		2,700	289,380
Rhode Island	20,315	367	1,800	21,748
Vermont	14,657	−493	450	15,600
Regional II:				
Delaware	35,502	2,499	16,530	49,533
District of Columbia	39,550			39,550
Maryland	40,288	13,880	24,949	51,357
New Jersey	121,824	15,244	2,250	108,830
Pennsylvania	323,182	27,599	20,000	315,583
Virginia	44,972	4,100	12,000	52,872
West Virginia	85,000		86,350	171,350

Federal Security Agency, Office of Vocational Rehabilitation—Federal funds required for payments to States for the period Apr. 1 through June 30, 1946—Continued

State or Territory	Approved State budgets	Adjustment for unexpended balance of Federal funds	Other adjustments and supplemental grants [1]	Total Federal funds required
Region III:				
Alabama	$72,630	−$17,189		$89,819
Florida	103,836	2	$2,700	106,534
Georgia	232,583	16,077	2,700	219,206
Mississippi	67,932	−25,936	1,800	95,668
North Carolina	159,070	−27,125	4,500	190,695
Puerto Rico	38,731	−7,622	450	46,803
South Carolina	71,109	11,644	900	60,365
Tennessee	87,830	−14,830		102,660
Regions IV–V:				
Illinois	165,809	105,275	102,445	162,979
Indiana	105,036	−52,124	24,500	181,660
Kentucky	60,187	9,059	3,150	54,278
Michigan	137,320	9,549	282,065	409,836
Ohio	97,264	−6,674	5,400	109,338
Wisconsin	141,761	−8,881	2,700	153,342
Iowa	31,744	−3,262	8,904	43,910
Minnesota	56,383	7,316	2,250	51,317
Nebraska	42,934	6,205	2,090	38,819
North Dakota	13,673	4,618	9,600	18,655
South Dakota	11,889	−937	978	13,804
Region VI:				
Arkansas	47,361	8,883	3,713	42,191
Kansas	43,910	9,917	1,781	35,774
Louisiana	56,409	730	2,692	58,371
Missouri	66,843	−10,668	900	78,411
New Mexico	13,091	−8,257		21,348
Oklahoma	51,152	−1,307	22,866	75,325
Texas	170,045	39,666	2,700	133,079
Region VII:				
Colorado	21,336	11,026	4,350	14,660
Idaho	7,703	674	3,450	10,479
Montana	21,682	−2,230	1,800	25,712
Utah	16,697	−1,595	450	18,742
Wyoming	10,469	1,541	900	9,828
Region VIII:				
Arizona	10,501	−1,547	450	12,498
California	221,798	103,702	1,800	119,896
Hawaii	31,093	3,894	8,000	35,199
Nevada	2,244	60	450	2,634
Oregon	24,647	4,245	450	20,852
Washington	53,771	4,972	450	49,249
Estimated additional amounts for audits in process			100,000	100,000
Total	3,760,841	241,328	814,963	4,334,476

[1] For agencies for the blind whose plans are in process of review, agencies being reorganized, business enterprises program and audit adjustments. (See schedules 1, 2, 3, and 4 of Supplemental Budget Estimate submitted to House Appropriations Committee.)

NUMBER OF CONGRESSMEN IN MICHIGAN

Senator McKellar. How many Congressmen have you in Michigan?

Senator Ferguson. We have 17.

Senator McKellar. That is a natural difference. We have as many Members comparatively. I am not bothered about Michigan. I like Michigan very much.

Senator Ferguson. I just used Michigan as an example.

Senator McKellar. You just used Michigan as an example.

Mr. Hunt. Tennessee has gotten all the funds it has asked for to date.

Senator McKellar. It all depends on what they ask for. You just divide them up as you see fit after they ask for them?

STATES GENERALLY RECEIVE THE AMOUNTS REQUESTED

Mr. HUNT. Unless there is something in the budget that would indicate it had not been calculated carefully, and this is not true of Tennessee because their budgets have been calculated very carefully, the States receive the amounts requested by them.

NEED FOR PROVISION ON USE OF FUND

Senator MCKELLAR. We ought to put a provision in the bill that would require they be carefully used. You have no right morally, or any other kind, to divert that fund.

URGENCY OF FUNDS REQUESTED

Mr. SHORTLEY. Our problem is getting to the States the funds needed for the last quarter of this fiscal year by April 1.

Before the House Appropriations Committee it was suggested we ask the Senate Committee to include our requests for deficiency appropriation in H. R. 5671.

AMOUNT REQUESTED AND BALANCE IN TREASURY

Senator GURNEY. What is the total requested?

Mr. SHORTLEY. $3,435,000.

Senator MCKELLAR. How much have you on hand?

Mr. SHORTLEY. We have $800,000.

Senator MCKELLAR. $800,000. How much did you spend the last quarter?

Mr. HUNT. The State budgets for the last quarter require $3,760,841. To this amount is added the funds to be paid to the States for audit adjustments and other items, a total of $814,963. Those two sums amount to $4,575,804. From this amount is deducted adjustments to be made in grants for unexpended Federal funds in the custody of State treasurers, amounting to $241,328, leaving a balance due the States of $4,334,476.

The appropriation balance in the Federal Treasury is $887,915. Hence, the request for a deficiency appropriation of $3,435,000 to meet these obligations.

Senator MCKELLAR. Did you ask for that last year, about this time, in the regular appropriation bill?

Mr. HUNT. We asked for that in our hearing before the Bureau of the Budget.

Senator MCKELLAR. And they did not grant it, and now you are asking Congress to grant it?

Mr. SHORTLEY. At that time the Bureau of the Budget did not believe the program was going to grow as fast as it has.

APPROPRIATION FOR 1945 AND 1946

Our appropriation for 1946 was just $258,900 more than 1945. That is $8,000,000 for 1945 and $8,258,900 for 1946.

COMPARISON OF GRANTS TO ILLINOIS AND INDIANA

Senator MCKELLAR. Illinois received $169,979. It has 25 Congressmen. Indiana, right next to it, has 11 Congressmen, although it is

half as large in population, and Indiana gets $181,660. How does that happen?

Mr. HUNT. They are the amounts requested by those States.

Senator MCKELLAR. Illinois did not ask for it?

Mr. HUNT. It did not.

Senator MCKELLAR. And you did not give it to them?

Mr. BEASER. The law requires quarterly estimates be made by each State and submitted.

Senator MCKELLAR. All right, sir. I would like for you to put that in the record that you are reading from.

KIND OF DISABILITIES COVERED

Senator GURNEY. What kind of disabilities do you take care of?

Mr. SHORTLEY. All kinds—psychiatric, epilepsy, tuberculosis, everything. It covers the whole category of disabilities. It does not mean that every man or woman who is suffering from one of these disabilities will be eligible. If our service cannot make them employable, they are not accepted. Each of the State offices accepted Public Law 113.

Senator GURNEY. What Congress?

Mr. HUNT. The Seventy-eighth Congress.

INSTANCE OF REHABILITATION

Senator FERGUSON. For instance, if I had a hand off and my former employment required two hands to do my work, you may do one of two things: equip me to do another job, where I only needed one hand, or make me an artificial hand that might enable me to do my own job.

Mr. SHORTLEY. That is right. We have a case of a man that lost his nose entirely, leaving just a hole in his face. He was a cabinetmaker. He came to the attention of the State rehabilitation agency. The only thing he needed to go back to cabinetmaking was a nose with hair in the nostrils to catch the dust. They grafted a nose. They took some of his scalp with hair, and they grafted a nose from other parts of the body. He required no other service. With that physical restoration he could go back to work at his former job; but in your case, in addition to physical restoration, you would require training, and an arm in addition, and that would be provided.

Senator GURNEY. On a dollar-matching basis?

Mr. SHORTLEY. Yes, sir.

Senator FERGUSON. Except administration.

Mr. SHORTLEY. Yes, sir.

EXTENT OF INVESTIGATING ADMINISTRATION COSTS

Senator FERGUSON. Do you ever look into the administration to see whether it is proper?

Mr. SHORTLEY. We do.

Senator FERGUSON. You have very little power.

Mr. SHORTLEY. We can always withdraw funds if the reasons are substantial.

Senator FERGUSON. Have you ever done that?

Mr. SHORTLEY. We had to do that in one instance because the State law did not correspond to the provisions in the Federal act, Public Law No. 113, and that was just for a short period of time. We have not withdrawn funds in any other case.

The difficulty with withdrawing funds is the program does not go forward because most of the States cannot operate unless they are given Federal aid.

COST OF A REHABILITATION CASE AND NUMBER REQUIRING SERVICES

Senator FERGUSON. You gave us an average, did you not, yesterday?

Mr. SHORTLEY. Yes; the cost is between $200 and $300 for a rehabilitation compared to a cost of from $300 to $500 that is annually required to support these people in idleness. There are over a million that need these services.

Senator FERGUSON. That is all I have, Mr. Chairman.

Senator MCKELLAR. All right, we are much obliged.

I will place in the record two tables furnished to the committee by the Office of Vocational Rehabilitation. (See p. 32.)

We will adjourn until tomorrow morning at 10:30.

(Thereupon, at 12:20 p. m., the subcommittee adjourned to 10:30 a. m., Thursday, March 14, 1946.)

(The tables referred to are as follows:)

FEDERAL SECURITY AGENCY, OFFICE OF VOCATIONAL REHABILITATION

TABLE 1.—*Actual expenditures by State agencies for all quarters of fiscal year 1945, first two quarters of fiscal year 1946, and estimated expenditures for last two quarters of 1946*

	Administration	Vocational guidance services	Services purchased for clients		Total
			Federal	State	
First quarter 1945	$174, 981	$754, 689	$344, 533	$343, 540	$1, 617, 743
Second quarter 1945	186, 768	882, 732	591, 391	589, 910	2, 250, 801
Third quarter 1945	198, 531	941, 409	721, 583	719, 318	2, 580, 841
Fourth quarter 1945	210, 460	1, 146, 603	1, 029, 759	1, 019, 338	3, 406, 160
Total	770, 740	3, 725, 433	2, 687, 266	2, 672, 106	9, 855, 545
Federal funds, percent				72. 3	7, 183, 439
State funds, percent				27. 7	2, 672, 106
First quarter 1946	221, 479	1, 057, 668	579, 501	$574, 502	2, 433, 150
Second quarter 1946	228, 807	1, 178, 701	912, 552	906, 212	3, 226, 272
Total first half 1946	450, 286	2, 236, 369	1, 492, 053	1, 480, 714	5, 659, 422
Third quarter 1946	308, 152	1, 606, 220	1, 277, 905	1, 219, 991	4, 412, 268
Fourth quarter 1946	342, 070	1, 958, 094	1, 460, 677	1, 390, 833	5, 151, 674
Total	1, 100, 508	5, 800, 683	4, 230, 635	4, 091, 538	15, 223, 364
Federal funds, percent				73. 1	11, 131, 826
State funds, percent				26. 9	4, 091, 538

SUMMARY

Federal funds required for 1946 shown above	$11, 131, 826
Federal funds for audit adjustments, etc	814, 963
Total	11, 946, 789
Less deductions from fourth-quarter grants for unexpended Federal balances	241, 328
Balance	11, 705, 461
Less 1946 regular appropriation	8, 258, 900
Balance	3, 446, 561

TABLE 4.—*Services purchased for clients of State agencies during 1945 (actual) and 1946 (estimated)—Payments to States*

	1945, number of clients	1946, number of clients	Percent of increase	Average cost	Cost, 1945	Cost, 1946
Medical and psychiatric examinations	39,649	69,386	75	$5.88	$233,045	$407,990
Medical and surgical treatments	3,753	13,886	270	57.75	216,730	801,917
Hospitalization	2,978	11,465	285	91.59	272,747	1,050,079
Prosthetic appliances	8,119	10,173	25	87.14	707,464	886,475
Training	26,642	31,970	20	61.63 84.22	2,148,343	2,692,572
Training materials	13,898	16,163	16	26.53	368,664	428,804
Maintenance and transportation	16,820	24,557	46	78.71	1,323,611	1,932,881
Occupational tools and equipment	953	1,304	37	93.14	88,768	121,455
Total					5,359,372	8,322,173

SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1946

THURSDAY, MARCH 14, 1946

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10:30 a. m., Hon. Kenneth McKellar (chairman of the subcommittee) presiding.

Present: Senators McKellar, Hayden, Russell, Thomas, McCarran, Bankhead, and Ball.

DEPARTMENT OF COMMERCE

CIVIL AERONAUTICS ADMINISTRATION

STATEMENT OF HON. ANDREW J. BIEMILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

FUNDS PROVIDED IN 1944 APPROPRIATION FOR AIRPORT AT SIREN, WIS.

Senator MCKELLAR. Now, Congressman, you just tell the committee what you want.

Mr. BIEMILLER. Mr. Chairman and gentlemen:

Briefly, the situation is this: In the second session of the Seventy-eighth Congress, the Congress voted an appropriation for about a dozen WPA airports, and specifically provided those funds could only be used in those instances. You have buttoned it up and have done a good job.

Senator MCKELLAR. Has this appropriation been made all that time?

Mr. BIEMILLER. Yes, sir.

Senator MCKELLAR. When was it?

Mr. BIEMILLER. In 1944. There were about 12 of them.

Senator MCKELLAR. I remember.

SITUATION INVOLVES CAA PROPOSED RELOCATION OF AIRPORT AND LOCAL EXPENDITURES ON ORIGINAL SITE

Mr. BIEMILLER. Since that time the Civil Aeronautics people in the Commerce Department have proposed to build the Siren, Wis., airport at another spot, and they took it up with the county board of Burnett County, which has spent considerable money buying farms and clearing them off, having acquired several hundred acres in the Siren area.

On three different occasions they have sent delegations down here and they—Civil Aeronautics—said, "All right; we have made a mistake, and we will build at Siren."

Senator McKellar. They did not do it.

Mr. Biemiller. They decided to put it there once but withdrew their invitations for bids.

Senator McKellar. Is that in your district?

Mr. Biemiller. This is not in my district.

Senator McKellar. Either one of the appropriations.

Mr. Biemiller. No, sir. I am appearing at the request of the Burnett County Board.

Senator McKellar. What do you have to do with it?

Mr. Biemiller. I will tell you. The House committee had a hearing and Congressman O'Konski appeared before the committee.

Senator McCarran. Which airport is it?

Mr. Biemiller. Siren, Wis.

Senator Ball. Where is Siren?

Mr. Biemiller. In Burnett County, roughly 30 miles across the Minnesota-Wisconsin border.

Senator Ball. Near La Crosse.

Mr. Biemiller. It is up north, 60 miles south of Superior, in that resort area which I know you are familiar with.

REASON FOR PROPOSED RELOCATION OF AIRPORT

The only point is this, the CAA wrote a letter saying, "We think this airport ought to go to Grantsburg.

Senator McKellar. How far apart are they?

Mr. Biemiller. About 15 miles.

Senator McKellar. What is the reason for the change?

Mr. Biemiller. They say they can put the airport on a through air line. The CAA proposes an auxiliary airport.

Senator McCarran. Auxiliary to what? Is it an emergency strip?

Mr. Biemiller. The beam evidently must go from Madison. It would not be to the Twin Cities. It is too far north.

Senator Ball. No. The only possible one would be from Madison up to Duluth, and I do not know of any line there.

Mr. Biemiller. I do not, either. That is what has me puzzled.

Senator McKellar. How would that be affected by a distance of only 15 miles?

Mr. Biemiller. That is what has got everybody puzzled on it.

Senator McKellar. I do not see how the condition would be changed in only a distance of 15 miles.

HOUSE ACTION ON ITEM

Mr. Biemiller. None of us can. At any rate, this is what happened in the House. The House subcommittee held a hearing and Congressman O'Konski from the Tenth District, and I from the Fifth District, appeared at the hearing. I stated it was my opinion it should go where the funds were originally allocated. I do not believe any executive agency should attempt to thwart the will of Congress.

Furthermore the county board has voted 17 to 6 to turn down the CWA proposal to build at Grantsbury and insists on the Siren location.

Senator McKellar. That is not in your district.

Mr. Biemiller. No, sir.

Senator McKellar. And the Congressman whose district is affected is against it?

Mr. Biemiller. No, sir; he appeared before the House Committee and said he did not care which location it went to.

Senator McKellar. He did?

Mr. Biemiller. Then, following that——

Senator McKellar. The two Senators said that and the Congressman said that. We have to take somebody's word for it. I do not know.

Mr. Biemiller. Following that the House committee told the Department of Commerce to go ahead with the airport where it was to be built originally, but they have said they would have to get the Senate committee's o. k.

Senator McCarran. This came through the subcommittee handling the Commerce appropriation. It came about in this way. Quite a number of airports have been started by WPA and they were in an unfinished condition and it was either losing the money in them already or else appropriating money to finish them up, and they were specifically named by name and designation, every one of them.

AMOUNT APPROPRIATED FOR AIRPORT

So, we passed the bill and gave them the money to finish, and I think it would run about $9,000,000. It went through.

They had a similar condition in Maryland and Senator Tydings came in here and said, "This money is appropriated to build an airport at one place and we think it ought to go to another," but it was turned down flatly.

Senator McKellar. It was built there?

Senator McCarran. It was built there.

CHANGE IN LEGISLATION NEEDED TO RELOCATE AIRPORT

Senator McKellar. We would have to change the legislation.

Mr. Biemiller. The legislation would have to be changed, if you are going to shift the location of the airport.

Senator McKellar. We will have to ask the full committee for committee action.

What would the subcommittee say as to what we should do?

Senator McCarran. My experience is it ought to be where it is.

Mr. Biemiller. The CAA are the only people who said it should be at the other place except the inhabitants of Grantsburg.

Senator McCarran. If they keep monkeying with it, some day they will lose it all.

Senator McKellar. I do not know but what it may have lapsed as it is.

Mr. Biemiller. Thank you very much, gentlemen.

Senator McKellar. All right; you are very welcome, Congressman.

Mr. Biemiller. Goodbye, sir.

DEPARTMENT OF AGRICULTURE

Farm Security Administration

STATEMENTS OF DILLARD B. LASSETER, ADMINISTRATOR, AND M. B. BRASWELL, DIRECTOR, RURAL REHABILITATION DIVISION; WILLIAM C. ORR, JR., CHIEF FISCAL OFFICER, AND ROBERT W. HUDGENS, ASSOCIATE ADMINISTRATOR, FARM SECURITY ADMINISTRATION; AND RALPH S. ROBERTS, ASSISTANT DIRECTOR OF FINANCE

SITUATION WITH RESPECT TO LOANS TO VETERANS

Senator Russell. Mr. Lasseter, it has come to my attention that a very critical situation exists with respect to applications for loans, for rehabilitation loans, particularly those that are filed by returning veterans with the Farm Security Administration.

I wish you would give us a statement of how much money you have left of loan funds that were made available for the current fiscal year, and also as to whether or not there are any applications pending that you are unable to approve for lack of loan funds.

Mr. Lasseter. Mr. Chairman, and members of the committee:

I have a brief statement here with respect to our present situation on rehabilitation loans.

VETERANS' APPLICATIONS ON HAND JANUARY 31, 1946, AND AMOUNT THEREOF

Applications on hand, actually on hand as of January 31 for veterans were 6,739.

The estimated amount to cover these applications was $9,765,550.

NONVETERANS' APPLICATIONS ON HAND AND AMOUNT THEREOF

Now nonveterans' applications on hand were 13,495. The estimated amount would be $16,194,000.

ESTIMATED ELIGIBLE APPLICATIONS AND AMOUNTS THEREOF, FEBRUARY THROUGH JUNE 1946

Now, the estimated eligible applications, using the ratio of January and February, which is probably accelerating, from February 1 to June 30 would be 14,029 more veterans amounting to $20,816,090.

Nonveterans 13,584. The amount $16,334,948.

The total for veterans would be $30,581,640.

Senator McKellar. Nonveterans how much?

Mr. Lasseter. It would be $58,592,064.

Senator Ball. You give $16,000,000 for the nonveterans.

Mr. Lasseter. The supplemental loans for nonveterans amount to $26,063,116 and adding that to the new loans for nonveterans makes a total of $58,592,064. Is that correct?

Mr. Orr. That is correct.

AMOUNT ON HAND AND AMOUNT NEEDED

Senator BALL. How much do you have on hand?

Mr. LASSETER. $6,465,065.

Senator McKELLAR. You want an appropriation of about $60,000,000?

Mr. LASSETER. No, sir.

Senator McKELLAR. How much would you want?

Mr. LASSETER. What we will need depends upon whether the money is confined exclusively to veterans or whether it is for the total program, Senator.

ESTIMATED COST OF VETERANS LOAN AUTHORIZATION

Senator McKELLAR. What would it cost for the veterans?

Mr. LASSETER. We estimate that a $15,000,000 loan authorization would be sufficient.

Senator BALL. How much?

Mr. LASSETER. $15,000,000. The situation is that these figures are a month old, the last we were able to get, and as the lending season is now approaching its height, each day and week that goes by means we can handle less.

TABLE ON STATUS OF RURAL REHABILITATION LOAN FUNDS

Senator McKELLAR. I think we had better put this table in the record at this time.

(The table referred to is as follows:)

Status of rural rehabilitation loan funds

	Number	Amount	Total	
			Number	Amount
Applications on band Jan. 31, 1946:				
Veterans	6,739	$9,765,550		
Nonveterans	13,495	16,194,000	20,234	$25,959.550
Estimated eligible applications Feb. 1 to June 30, 1946:				
Veterans	14,029	20,816,090		
Nonveterans	13.584	16,334,948	27,613	37,151.038
Supplemental loans to present borrowers	57,152	26,063,116	57,152	26,063,116
Total demand Feb. 1 to June 30, 1946:				
Veterans		30,581,640	[1] 47,847	
Nonveterans		58,592,064	[2] 57,152	89,173,704
Balance loan authorization available Jan. 31, 1946				22,864,707
Applications in excess of funds available				66,308,997
Status of current loan authorization March 8, 1946:				
Available		67,500,000		
Loans obligated		61,034,935		
Unobligated		6,465,065		

[1] New.
[2] Supplemental.

	Estimated size of loans
20,768 veterans	$1,472
27,079 nonveterans	1,201
Total (47,847)	1,319
57,152 supplementall oans	456

Senator McCarran. What do you say was now reaching its height?
Mr. Lasseter. The loan program.

USE OF FUNDS

Senator McCarran. Does this money go for leasing and rents?
Mr. Lasseter. The Rural Rehabilitation program has nothing to do with the purchase of farms. We had $25,000,000 allocated specifically for veterans for the purchase of farms under the Bankhead-Jones program and it will be sufficient.
This is for farmers who wish operating loans. It may go for rent.
Senator McKellar. What percentage was paid back, originally?
Mr. Lasseter. Mr. Orr, will you answer that?

TOTAL PAYMENTS AS OF DECEMBER 31, 1945

Mr. Orr. As of December 31, out of $950,000,000, repayment of principal amount totaled $651,860,712, and interest payments totaled $90,542,950. The principal and interest collections represent 78.1 percent of the total that has been loaned.
Senator Bankhead. That covers the whole period of your operation?
Mr. Orr. Yes, sir.

TOTAL AMOUNTS OUTSTANDING AND DUE, ALSO OVERDUE

Senator McKellar. How much is outstanding and due?
Mr. Orr. Maturities since the beginning of the program total $747,835,000.
Senator McKellar. How much of that is overdue?
Mr. Orr. Net delinquencies amount to approximately $90,000,000.
Senator McKellar. Throughout the whole year.
Mr. Orr. That is an accumulation since 1935.
Senator McKellar. That is an accumulation since 1935?
Mr. Orr. That is right.

SITUATION ON COLLECTIONS OF AMOUNTS OVERDUE

Senator McKellar. What do you expect to collect? What percentage?
Mr. Lasseter. You mean of the $90,000,000?
Senator McKellar. Yes; of all sorts. What do you expect to lose and what do you expect to collect?
Mr. Orr. Our known losses as of December 31 were $16,000,000 in so-called dropped cases. Those are cases where there is no chance of collection.

INTEREST CHARGES AND TOTAL COLLECTED AS OF DECEMBER 31, 1945

Senator McKellar. What do you charge for this money?
Mr. Orr. 5-percent interest.
Senator McKellar. 5-percent interest?
Mr. Orr. Yes, sir.
Senator McKellar. In charging your losses I am wondering how you account for interest. The Government does not have to pay that much for its money, and I am wondering how far the additional 3 percent goes toward minimizing the loss.

Mr. ORR. It will go a long ways, sir. Our interest collections as of December 31, 1945, amounted to $90,542,950.

Senator McKELLAR. That is all of them?

Mr. ORR. That is all the interest collections we have made on the $950,000,000 loaned in the rehabilitation program.

TOTAL OF UNCOLLECTIBLE ITEMS

Senator McCARRAN. Your losses are how much? $16,000,000 written off?

Mr. ORR. Those are cases actually known to be uncollectible. We have "collection only" cases totaling $63,985,950 of which over $47,000,000 is now delinquent. A substantial part of unpaid balance on "collection only" cases will be a loss to the Government.

STATEMENT REQUESTED FOR STATUS OF LOANS ESTIMATED AS OF JULY 1, 1946

Senator McKELLAR. I am wondering if you would be good enough to make a statement as to how the Government is going to fare by July 1, so far as losses are concerned. You say there are $16,000,000 plus. Take off the difference in interest, what the Government pays and what the Government receives and make out a statement that will show the exact condition of your activity and put it in the record.

Mr. ORR. Yes, sir.

(The statement referred to is as follows:)

Loans, grants, and rural rehabilitation status of rural rehabilitation loans, estimated as of July 1, 1946

LOANS	
Total loan obligations	$989, 180, 000
Principal repayments	682, 090, 000
Unpaid principal balance	307, 090, 000
Losses:	
Dropped cases	16, 500, 000
Collection-only cases	52, 000, 000
Losses on present active cases and prior cooperative association loans	31, 500, 000
Total losses	100, 000, 000
Collectible balance	207, 090, 000
INTEREST	
Total interest earnings	115, 000, 000
Interest payments	93, 550, 000
Unpaid collectible interest balance	21, 450, 000
DISTRIBUTION OF COLLECTIONS	
Repaid to Reconstruction Finance Corporation:	
Principal	535, 913, 000
Interest	5, 866, 489
Total	541, 779, 489
Deposits to miscellaneous receipts, credits for repossessed chattels, etc	233, 860, 511
Total collections	775, 640, 000

Loans, grants, and rural rehabilitation—Comparison of administrative and operating expenses with loans made and loans serviced

Fiscal year	Expenses of administration and operation (including overtime)	Loan obligations approved during year	Amount of unpaid loans for prior years serviced during year
1942	$39, 425, 639	$123, 980, 175	$383, 087, 483
1943	35, 739, 402	97, 255, 090	425, 014, 065
1944	28, 821, 382	66, 685, 546	401, 388, 811
1945	24, 730, 875	66, 907, 653	358, 286, 697
1946 (estimated)	[1] 25, 425, 935	67, 500, 000	329, 977, 685

[1] Includes estimated deficiency of $3,200,000 due to Public Law 106.

NOTE.—The Farm Security Administration is also responsible for administering the farm-tenant program under the Bankhead-Jones Farm Tenant Act, the water-facilities loan program in the arid and semi-arid areas, and the resettlement-project-liquidation program. Since all programs in Farm Security Administration are closely integrated and employees perform similar functions related to each program, it is impossible to isolate under this appropriation the costs which relate solely to the rural-rehabilitation program.

COMMENTS ON LOAN PROCEDURE

Senator RUSSELL. In my judgment, I will be very frank about it, most of this $90,000,000 never will be collected, but you have got to bear in mind under the law providing for the loan, that they cannot make a loan to a man if he can get a loan anywhere else.

Senator THOMAS. It is not the practice?

Senator RUSELL. It is not the practice.

Senator THOMAS. No. I speak for my own county. At least I have a great many complaints from the banks.

Senator MCKELLAR. I want to know how good a business transaction it is.

Senator RUSSELL. In my county, and I do not know whether it is true all over the State, but in my county every application made for a farm security loan is offered to the bank. We have one bank in that town where they are all cleared.

Mr. HUDGENS. Every loan has to be certified by the local county committee. They check the borderline cases. In some cases it is obvious that the applicant cannot secure credit from other sources and they do not check. The county committee makes the determination.

LOAN APPLICATIONS THROUGH BANK OR PRODUCTION CREDIT ASSOCIATION

Senator BANKHEAD. What do you mean by checking, Mr. Hudgens?

Mr. HUDGENS. They require that they apply to the bank or the PCA.

Senator RUSSELL. I have had a great deal of complaint from banks about the Production Credit Association.

Senator MCCARRAN. As a rule the banks do not want these loans, do they?

Mr. LASSETER. May I make a statement?

TERM OF LOANS

Senator MCKELLAR. Yes, indeed. Tell me first how long these loans originally run?

Mr. ORR. We have a maximum repayment period of 5 years.

Senator MCKELLAR. All right, Mr. Lasseter.

ATTITUDE OF BANKS

Mr. LASSETER. In reply to Senator Thomas I think that attitude on the part of the banks is changing very fast. I know in my own State, both the large banks and the county banks are very friendly with Farm Security in that we are not competing with them, but are creating customers for them.

Senator MCKELLAR. What is your State?

Mr. LASSETER. Georgia. I will repeat what I said before the House Appropriations Committee, that I will guarantee insofar as it is possible for one person to do so that we are not and will not be in competition with private banks or land banks.

Senator THOMAS. I would like to make this suggestion that the complaints I have are along this line, that in some sections your agents make larger loans than should be made, that a man might borrow a small amount at the bank but the limitations are far beyond that.

Mr. LASSETER. If a specific case comes to your attention, Senator Thomas, I would appreciate it if you would let me know.

PURPOSE OF LOAN

Senator RUSSELL. The Farm Security made a lot of extravagant loans. They are not supposed to make absolutely bankable loans. The whole theory of the Farm Security is to put a man on his feet. We all know this, that many farmers are kept on a marginal basis. If they want to buy a plow or a tractor or something of that kind, the banks say that is not a good loan.

Senator MCKELLAR. All right, any further questions, gentlemen?

PERCENTAGE OF APPLICANTS GRANTED LOANS

Senator BALL. Mr. Lasseter, what proportion of the applications that you receive do you grant loans on?

Mr. LASSETER. That is now or over a long period?

Senator BALL. Now. Current, of course.

Mr. LASSETER. Mr. Braswell, will you answer?

Mr. BRASWELL. The conversion factor is about 50 percent.

Senator BALL. You do not loan them just because they want money?

Mr. BRASWELL. No, sir.

Senator BALL. You are sure there is a good chance of repaying.

Mr. BRASWELL. Yes, sir.

BREAK-DOWN OF COLLECTIONS OVERDUE

Senator BALL. One more question: You are sure the $16,000,000 you wrote off and the $47,000,000 that may be, and the $90,000,000—does the $90,000,000 include both?

Mr. ORR. It does.

OPERATING EXPENSES PAID FROM APPROPRIATIONS

Senator BALL. What is your actual profit in interest over operating expenses?

Mr. ORR. Over operating expenses or loans or loan losses?

Senator BALL. Operating expenses.

Mr. ORR. The interest earnings would not pay them.

Senator BALL. We pay them out of the appropriations?

Mr. ORR. That is right.

Mr. HUDGENS. The operating costs include supervision, which is essential to this type of loan.

COMPLEXITY OF LOAN PROBLEM IN FEDERAL AGENCIES

Senator THOMAS. I want to put in the record this observation: Here we have before us one Federal agency to make loans to help the people. On the other hand we have two other Federal agencies who are doing everything to hinder this. I refer to the OPA and the Commodity Exchange Bureau of the Department of Agriculture.

REQUIREMENTS OF OVER-ALL STATEMENT REQUESTED

Senator MCKELLAR. I want to ask you in making this over-all statement I asked for a while ago, that you include the cost of the agency, so as to give the Senate a real picture of your business.

Senator BANKHEAD. That will be difficult to do, separate the two activities.

Mr. ORR. That is right. We have the tenants' purchase water facilities program and the project liquidation program. It is a little hard to separate.

Senator MCKELLAR. Can you not separate them so as to make them intelligible and easy?

Mr. ORR. I will try to do so.

Senator MCKELLAR. We would like to have the over-all picture before us of the business of the agency.

(The statement is shown on pp. 59, 60.)

INTEREST RATE FOR FUNDS BORROWED FROM RFC

Senator BALL. Do you borrow the funds you loan from the RFC at 3 percent?

Mr. LASSETER. Two percent.

Senator RUSSELL. That law says not to exceed 3 percent.

Mr. LASSETER. The law says not to exceed 3 percent. We get it at 2.

Senator BALL. How much of this you collect in interest is actually profit?

Mr. ORR. We started borrowing from the RFC in 1941. Prior to that time our loans were made available by appropriations.

FUNDS BORROWED FROM RFC WERE REPAID

As of December 31, 1945, we had borrowed a total of $513,413,000 from the RFC, all of which has now been repaid, the full amount.

As of December 31, 1945, we had paid interest of $5,855,774.

Senator BALL. Where does that go? Into a revolving fund?

Mr. ORR. After we have paid the RFC?

Senator BALL. Yes, sir.

Mr. ORR. It goes back to miscellaneous receipts.

Senator BALL. Into the Treasury.

Mr. ORR. Into the Treasury.

Senator BALL. You are borrowing from the RFC. What funds have you got to loan out?

Mr. ORR. We have none.

BORROWING AUTHORITY LIMITED EACH YEAR

Mr. HUDGENS. The subject under discussion is additional borrowing authority, not additional appropriation.

Senator BALL. You mean you borrow——

Senator RUSSELL. They were limited to $67,500,000.

Mr. ORR. We have practically exhausted the present loan authorization.

Senator BANKHEAD. It is limited each year.

Senator BALL. You pay it to the RFC then?

Mr. ORR. We have borrowed from RFC our total authorization for this year and have already repaid it.

Senator BALL. And you cannot reborrow.

Mr. ORR. We cannot reborrow.

Senator MCKELLAR. You have to have congressional authority?

Mr. ORR. That is right.

Mr. HUDGENS. We are collecting faster than we are loaning.

Senator RUSSELL. I think I understand the question disturbing Senator Ball. He has not taken into consideration the fact that appropriations were made direct to the Farm Security for several years, I believe, prior to 1941, so the collections they made on those loans, and the RFC has a lien on all of their obligations, whether derived from appropriations made prior to 1941, or whether from funds advanced by the RFC. So, when they collect the money down to the appropriation they apply that to the RFC obligation.

TOTAL OF DIRECT APPROPRIATIONS AND INTEREST COLLECTIONS

Senator BALL. How much total direct appropriation did you have for making loans?

Mr. ORR. Approximately $440,000,000.

DISPOSITION OF INTEREST COLLECTIONS

Senator BALL. And you have turned back in the form of interest $85,000,000. Has that gone into the Treasury?

Mr. ORR. That is right. That $85,000,000 has gone into the Treasury. In 1945 we collected more than we borrowed and deposited $37,765,000 into miscellaneous receipts.

Senator RUSSELL. But you cannot use any of that money for loans?

Mr. ORR. No, sir.

AMOUNT DEPOSITED IN TREASURY AS EXCESS COLLECTIONS OVER RFC OBLIGATIONS

Senator RUSSELL. When you collect more than you owe the RFC, it has to go into the Treasury?

Mr. ORR. Yes, sir.

Senator BALL. How much have you paid the Treasury in that way?

Mr. ORR. Approximately $223,000,000.

Senator BALL. The interest is in addition.

Mr. ORR. The interest is included.

Senator McKELLAR. I want you, in this over-all statement, to put in what you have covered back to the Treasury. Be certain to do that.

BREAK-DOWN OF INCREASED AUTHORIZATION FOR LOANS

Senator BANKHEAD. How much do you recommend be made available for nonveteran loans?

Mr. LASSETER. Well, at the present time I think a total of $10,000,000 extra loan authorization would carry us through.

Senator McKELLAR. You want $15,000,000 for the veterans?

Mr. LASSETER. Yes, sir. That is our best estimate.

Senator BANKHEAD. The request made now is $25,000,000, $15,000,000 for veterans and $10,000,000 for nonveterans.

Senator McKELLAR. $15,000,000 for veterans and $10,000,000 for nonveterans.

Senator BANKHEAD. Yes.

Senator McKELLAR. As I understand, you are bound to collect the money.

Mr. LASSETER. That is what I hope.

Senator McKELLAR. Any further questions?

COMMUNICATIONS ON LOANS TO VETERANS

Senator RUSSELL. I desire to offer for the record a copy of a letter written by the Commander of the American Legion to the Farm Security Administration complaining of failure to provide for returning veterans, also a copy of Mr. Lasseter's reply.

Senator McKELLAR. All right.

(The letters referred to are as follows:)

THE AMERICAN LEGION,
National Headquarters, February 27, 1946.

Mr. DILLARD LASSETER,
Administrator, Farm Security Administration,
Washington, D. C.

DEAR MR. LASSETER: I am hearing many complaints from our people throughout the country that only a relatively small number of veterans are able to obtain the credit they need for farming purposes. Reports reaching me indicate that this situation is approaching serious proportions.

I have discussed the matter at length with some of the leaders in the American Legion and also with members of our rehabilitation committee who have been meeting in Washington this week. We are agreed that the present situation is intolerable and that action must be taken to correct it.

We understood that Farm Security was set up to supply credit services to farmers, including veterans, who could not get loans from other credit sources. We were of the opinion that your agency had the necessary authority to provide this service. However, it appears that for some reason, veterans who apply for loans at your local offices are not getting them and in fact are being turned away at a time when they should get loans to start farming this year.

American Legion reports indicate that in excess of 20,000 applications are now the backlog of your office lying idle for reason we would like to ascertain.

Crop planting time is on us. These twenty thousand or more veterans could till much more than 2,000,000 acres. We need that food supply badly since there are starving peoples throughout the world. We also need that farm production here in America.

We would like to know the reason for this serious break-down in agricultural credit. The American Legion, as you know, has shown strong interest in the

type of credit your agency could afford to veterans and we have always felt that if other credit agencies were unable to meet veterans' needs, Farm Security would be able to handle the situation.

I would greatly appreciate receiving an early reply from you on this matter as we believe the present situation of veterans seeking agricultural credit calls for prompt attention.

Cordially yours,

JOHN STELLE, *National Commander.*

UNITED STATES DEPARTMENT OF AGRICULTURE,
FARM SECURITY ADMINISTRATION,
Washington, March 1, 1946.

FSA Administrator's letter to John Stelle:

Dillard B. Lasseter, Administrator of the United States Department of Agriculture's Farm Security Administration, in a letter to John Stelle, national commander of the American Legion, today answered Stelle's charge that the Farm Security Administration is failing to meet veterans' need for agricultural credit.

Lasseter's reply to Stelle follows:

MARCH 1, 1946.

DEAR COMMANDER STELLE: Your letter regarding inability of veterans to obtain the agricultural credit they need from Farm Security, has given me serious concern.

I deeply regret that this unfortunate situation has developed, but I would like to get on record that Farm Security has been able to assist in meeting the credit needs of several thousand veterans. Loans of all types have been made to 9,000 World War II veterans up to February 1 of this year. Every veteran who comes to us for assistance has received whatever help we could supply, to the extent of our ability and authority to provide it.

The plain facts are that we do not have the funds to meet the present demand for farm-operating loans which veterans are seeking. We were authorized to borrow $67,500,000 from the Reconstruction Finance Corporation during the current fiscal year to make rural rehabilitation loans for farm operating purposes. Of this amount, approximately $39,000,000 is needed to supply the requirements of FSA borrowers who must have supplemental credit to complete their rehabilitation progress. The remaining $28,500,000 will be used to provide loans to other farmers, including veterans, who cannot get credit elsewhere. This amount would be sufficient to meet the needs of approximately 22,500 farmers.

Although none of this money was earmarked for veterans, they have received about half of the loans we have made in the past 60 days. This is due to the fact that these veterans are eligible for FSA loans to small farmers unable to get credit from other sources.

We are receiving three applications for every loan we can make, and among them are many from veterans. Our field offices report that veterans applications on hand, and those which will be received from veterans this spring, will total more than 21,000. We estimate that not more than 5 percent of these can be filled.

With regard to farm purchase loans, we are authorized to lend $50,000,000 this fiscal year, which would allow us to make approximately 8,000 loans. Half of this amount, or $25,000,000, was specifically earmarked for veterans and they may also get loans from the other $25,000,000. Among the applications on hand are 9,800 from veterans. Loans are being processed as rapidly as farms can be located at prices veterans can be expected to pay.

I appreciate the fine support the American Legion has given us, and the interest you have personally shown in our work. I would like to be able to say that we could completely fill the gap of adequate credit for veterans and other farmers who are unable to obtain the farm financing they need from other sources. As you state, we have the authority, and we certainly have the desire to render whatever service we can. There are, however, factors beyond our control which prevent us from meeting the needs of all veterans who apply for FSA assistance.

I hope I have made our situation clear. If you have any further questions regarding our operations, please feel free to ask them.

Sincerely yours,

DILLARD B. LASSETER, *Administrator.*

Senator McKellar. All right, Senator McCarran.

METHOD OF ALLOCATION TO STATES

Senator McCarran. I would like to have your method of allocating certain States, or is this made without allocation?

Mr. Hudgens. In general the allocation to States is on the basis of need. One index is the level of farm income in different States. In areas where they have more people with low incomes they get a greater proportion.

Senator McCarran. Do you allocate so much to one State and so much to another for making loans?

Mr. Hudgens. Yes, sir.

COMPLAINTS IN SECURING LOANS

Senator McCarran. I have several letters from my own State. We have a comparatively small farming population but I have a number of letters complaining as to why it is a greater number of farmers can secure loans in other States than they can in Nevada.

Mr. Hudgens. It has been about the same all over the country this year. The demand built up a lot faster than we expected, particularly from veterans.

Senator McCarran. How many applications have you had from my State? Can you tell that without too much trouble—and how many have you denied and how many have you approved?

Mr. Hudgens. The number of applications on hand is not a barometer, not a correct barometer, if you are out of funds.

Senator McCarran. How many have been denied and how many——

Mr. Hudgens. We do not have the figures broken down by States.

Senator McKellar. You can put them in the record.

(The information requested is as follows:)

Applications for rural rehabilitation loans, fiscal year 1946, for State of Nevada

Applications received July 1, 1945, to Jan. 31, 1946	54
Estimated to be received Feb. 1 to June 30, 1946	21
Original loans approved July 1, 1945, to Jan. 31, 1946:	
Number	18
Amount	$26, 126
Supplemental loans approved July 1, 1945, to Jan. 31, 1946:	
Number	29
Amount	$28, 385
Number of applications on hand, Jan. 31, 1946	20

Senator McCarran. I would like to know why we have these complaints.

Senator Russell. I have had complaints from my State.

COMMUNICATIONS RECEIVED FROM SENATOR CONNALLY

Senator McKellar. I want at this time to put in the record a telegram and a couple of letters Senator Connally has requested be inserted.

(The telegrams and letters referred to are as follows:)

TYLER, TEX., *March 6, 1946.*

HON. TOM CONNALLY,
United States Senate, Washington, D. C.:

The FSA supervisor informed us that FSA is out of funds. In checking files we find 49 dockets returned marked "Funds not available;" 70 loans yet to be made. Will appreciate anything you can do to make funds available immediately.

WALTER J. CREWS,
TOM COLEMAN,
SAM W. GARY,
FSA Committeemen.

LOVING, TEX., *March 5, 1946.*

Senator TOM CONNALLY,
Washington, D. C.

DEAR SENATOR CONNALLY: For the past 2 years we have been financed through the Farm Security and now are badly in need of a supplemental loan for our 1946 farm operations.

I have waited as long as I could to make an application in this year's loan in order to save interest and not have to use the money any longer than possible.

I put in for this year's loan, and have been informed that it has been approved, but find that the FSA are out of funds which will make me late in getting seed for this year's crops.

There is a great need for FSA funds to properly finance me and my neighbors who cannot borrow money at the bank over a long enough period to help us.

When the FSA appropriations come up, please consider this condition.

Yours very truly,

FINACE DOAN.

FIRST STATE BANK OF PORT LAVACA,
Port Lavaca, Tex., March 5, 1946.

Hon. TOM CONNALLY,
Washington, D. C.

DEAR SENATOR: We understand funds appropriated for Farm Security Administration has been exhausted and no further funds available. In our particular case all loans have been made that will likely be called for; also in our particular case calls have been excessive account the August 1945 hurricane that destroyed our crops, and some of our first-class farmers have been assisted by the FSA.

On account of the high cost of seed and labor some of these farmers will have to have supplemental loans, and especially is this true should they fail to get crops up from first planting. I trust they will need no additional loans, but if it becomes necessary I am of the opinion there should by all means have provisions made for immediate use for additional funds; I think it would be good insurance both for the farmer and the FSA. I trust provisions will be made should this emergency arise.

Personally, I am in favor of the Downey bill known as S. 1415 which will increase the pay of Federal employees. The salaried man has received less benefits the past few years than any other class and I think he is entitled to more pay.

We would appreciate your assistance in the above matters.

Sincerely yours,

J. B. MOORE, *Cashier.*

COLLECTIONS SHOW IMPROVEMENT IN RECENT YEARS

Senator RUSSELL. How about collections over the last 2 or 3 years? Have they shown any improvement over prior years?

Mr. LASSETER. Very good. In 1942 they were $94,863,000.

Senator RUSSELL. Do you have readily available the percentage of maturities?

Mr. LASSETER. It applies to all years.

Senator RUSSELL. Do you have total maturities?

AMOUNT COLLECTED AND LOANED IN 1943, 1944, AND 1945

Mr. ORR. Yes, sir. In 1943 the amount collected was $128,720,776 as compared to loans of $96,372,055.

In 1944 the collections were $126,399,863 and the loans were $67,390,740.

In 1945 we collected $122,014,807 and loaned about $67,500,000.

So far, this fiscal year, through December 31, we have collected $67,769,727.

Senator MCKELLAR. And how much did you loan?

Mr. ORR. $67,500,000 total loans.

Senator RUSSELL. That is no collection on this year's crop.

Mr. LASSETER. No, sir. Those collections were largely from 1945 crops.

Senator BANKHEAD. What was the collection this year?

Mr. ORR. $67,769,727 through December 31.

Senator MCKELLAR. Let me ask this. I notice for several years during the war your loans would decrease but increased this year.

Mr. ORR. Loans outstanding.

ESTIMATED 1946 LOANS IF AUTHORIZATION IS GRANTED

Senator MCKELLAR. Loans you make. Suppose we granted you this $25,000,000. In a general way what would be the loans you make?

Mr. ORR. That would be a total of $92,500,000 for this fiscal year.

Senator MCKELLAR. A total of $92,500,000. That would be about $30,000,000, $25,000,000 more than you loaned last year.

Mr. ORR. Yes, sir.

Senator MCKELLAR. All right. I am glad to hear that.

Mr. ORR. Senator Russell, the principal repayments as of December 31, 1945, amounted to 87.2 percent of the accumulated maturities. That includes the——

Senator RUSSELL. I think the figures you are going to give me indicate that during the period when farm prices were better than they were—I do not call them high—but the farmer was behind the eight ball. I think that figure ought to revive the faith of the people in our country.

Senator MCKELLAR. Any further questions?

ESTIMATED PERCENTAGE OF COLLECTIONS ON CURRENT AND PRIOR YEAR LOANS

Senator BALL. Have you any indication as to whether a similar percentage of loans made in these last 3 or 4 years are in default?

Mr. HUDGENS. In general, the poorest loans were the ones made at the bottom of the depression. In many places where there was considerable depression there was a very narrow line between loans and grants. These cumulative figures include all those earlier loans.

Senator BALL. Which would mean current loans are very much current.

Mr. HUDGENS. Yes. Our estimate is about 92 percent collections on the loans we are making now.

Senator MCKELLAR. Thank you, gentlemen.

TOTAL CIVILIAN EMPLOYEES, OCTOBER 1, 1945, AND JANUARY 31, 1946

[See page 16]

Comparing civilian employment in the executive branch of the Federal Government by agency, as reported to the Civil Service Commission (48 States and District of Columbia)

	Oct. 1, 1945	Jan. 31, 1946	Increase	Decrease
Total, all agencies	2,613,267	2,406,138	77,143	284,272
Executive Office of the President:				
White House Office	61	64	3	
Bureau of the Budget	714	731	17	
Executive Mansion and Grounds	46	81	35	
Emergency war agencies:				
Office for Emergency Management:				
Alien Property Custodian	625	580		45
Civilian Production Administration	8,321	2,342		5,979
Fair Employment Practice Committee	59	37		22
Foreign Economic Administration	3,399			3,399
Office of Defense Transportation	1,187	132		1,055
Office of Inter-American Affairs	381	338		43
Office of Scientific Research and Development	806	595		211
Office of War Information	160			160
Office of War Mobilization and Reconversion	500	656	156	
War Shipping Administration	11,249	7,998		3,251
Office of Censorship	280			280
Office of Price Administration	44,751	32,084		12,667
Office of Strategic Services	1,583			1,583
Petroleum Administration for War	653	108		545
Selective Service System	16,832	15,721		1,111
Smaller War Plants Corporation	1,631			1,631
Executive Departments:				
State	7,751	8,012	261	
Treasury	92,566	102,504	9,938	
War	949,094	763,695		185,399
Justice	25,307	24,502		805
Post Office	439,818	452,271	12,453	
Navy	590,975	539,232		51,743
Interior	38,606	39,590	984	
Agriculture	87,473	82,885		4,588
Commerce	36,107	32,435		3,672
Labor	33,986	33,266		720
Independent agencies:				
American Battle Monuments Commission	1	1		
American Commission, Protection Monuments in Europe	6	4		2
Board of Governors, Federal Reserve System	447	464	17	
Civil Service Commission	5,729	4,456		1,273
Employees' Compensation Commission	485	520	35	
Export-Import Bank	67	90	23	
Federal Communications Commission	1,351	1,193		158
Federal Deposit Insurance Corporation	1,191	1,203	12	
Federal Power Commission	654	693	39	
Federal Security Agency	29,728	30,454	726	
Federal Trade Commission	423	492	69	
Federal Works Agency	20,347	21,403	1,056	
General Accounting Office	13,636	14,352	716	
Government Printing Office	6,858	7,110	252	
Interstate Commerce Commission	1,999	2,122	123	
Maritime Commission	9,594	7,943		1,651
National Advisory Committee for Aeronautics	5,955	5,384		571
National Archives	330	357	27	
National Capital Housing Authority	218	269	51	
National Capital Park and Planning Commission	5	5		
National Housing Agency	14,906	14,310		596
National Labor Relations Board	729	816	87	
National Mediation Board	94	100	6	
Panama Canal	201	204	3	
Panama Railroad Company	56	64	8	
Railroad Retirement Board	1,771	1,803	32	
Reconstruction Finance Corporation	13,930	32,932	19,002	
Securities and Exchange Commission	1,158	1,203	45	
Smithsonian Institution	778	789	11	
Tariff Commission	290	267		23
Tax Court of the United States	117	122	5	
Tennessee Valley Authority	12,685	11,596		1,089
Veterans' Administration	72,607	103,558	30,951	
Net decrease				207,129

(Whereupon, at 11:25 a. m., Thursday, March 14, 1946, the hearings on the second urgent deficiency appropriation bill, 1946, were concluded and the committee adjourned.)

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OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-2nd, No. 46

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

(Issued March 18, 1946, for actions of Friday, March 15, 1946)

(For staff of the Department only)

CONTENTS

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HIGHLIGHTS: Senate agreed to, and House received, conference report on measure to continue certain subsidies on farm products. Senate debated minimum-wage bill. Senate committee reported second urgent deficiency appropriation bill. House passed bill extending most of Second War Powers Act until Mar. 31, 1947. Majority leader McCormack announced that Flannagan agricultural credit agency bill would be taken up Tues. and Cooley farm-credit bill Thurs. and Fri.

SENATE

1. SUBSIDIES. Agreed to the conference report on H. J. Res. 301, to continue certain subsidies on agricultural commodities (p. 2343). The House received the report (pp. 2366-7). (For provisions of the measure, see Digest 32.) The conferees agreed to the Senate amendments.

2. LABOR STANDARDS. Continued debate on S. 1349, to amend the Fair Labor Standards Act (pp. 2345-61).

Sen. Hoey, N. C., stated that tobacco industries have not had enough relief from taxes, price control, wage control, etc., and Sens. Aiken, Vt., and others discussed this with him (pp. 2352-3).

Sen. Aiken, Vt., and others discussed whether food processors, etc., should be included under the Act (pp. 2354-8).

The bill raises the minimum wage to 65 cents an hour during the first 2 years, 70 cents in the third and fourth years, and 75 cents thereafter; extends the Act to employees engaged in any activity affecting interstate or foreign commerce (chiefly involved are employees of large chain and large independent stores, but small retail stores would still be exempt); includes industries processing agricultural or horticultural commodities or fish under the minimum-wage and overtime provisions, but such of these industries as have marked annually recurring seasonal peaks are made eligible for a single overtime exemption in place of the present system; directly prohibits the employment of oppressive child labor by those engaged in commerce, the production of goods for commerce, or any other activity affecting commerce; and modifies the provisions for employee suits.

3. DEFICIENCY APPROPRIATIONS. The Appropriations Committee reported with amendments

H. R. 5671, the second urgent deficiency appropriation bill, which includes funds for fighting forest fires and E&PQ personnel costs (S.Rept.1066)(p. 2343).

4. ECONOMY. Received a resolution from several local taxpayers' associations favoring economy in Government expenditures (pp. 2342-3).

5. RECESSED until Tues., Mar. 19 (p. 2363).

HOUSE

6. WAR POWERS. Passed with amendment H. R. 5716, to extend until March 31, 1947 the provisions of the Second War Powers Act (pp. 2370-85).

7. RUBBER. Received from the Director, War Mobilization and Reconversion, the first report of the Interagency Policy Committee on Rubber. To Agriculture Committee. (p. 2388.)

8. LEGISLATIVE PROGRAM. Majority Leader McCormack announced the legislative program for this week as follows: Mon., consent calendar and H. R. 5407, to grant FWA certain powers regarding buildings and grounds; Tues., H. R. 4873, to create an Agricultural Credit Agency; Wed., H. R. 2115, to transfer the fur-bearing animal research activities to this Department; and Thurs. and Fri., H. R. 2501, to slow up the liquidation of rural rehabilitation projects and H. R. 2239, the Cooley farm credit bill (p. 2386). Speaker Rayburn announced that on Monday he would recognize Rep. Poage, Tex., on a motion to suspend the rules and consider H. R. 538, to authorize the Secretary to requisition suitable surplus material and equipment for soil-and-water-conservation work (p. 2386).

BILLS INTRODUCED

9. TRANSPORTATION. S. 1950, by Sen. Vandenberg, Mich., to repeal the law permitting vessels of Canadian registry to transport iron ore between U. S. ports on the Great Lakes. To Commerce Committee. (p. 2343)

10. LOBBYING. H. R. 5787, by Rep. Smith, Va., to require the registration of persons engaged in lobbying and to require an accounting of contributions received for the purpose of influencing legislation. To Judiciary Committee. (p. 2388.)

ITEMS IN APPENDIX

1. PRICE CONTROL. Rep. Rogers, Mass., inserted a Veterans of Foreign Wars statement claiming that a workable production program is the only effective method of price control. (pp. A1477-8).

Rep. Gordon, Ill., inserted Ill. League of Women Voters and Chicago Sun articles favoring the extension of price and rent controls (pp. A1486-7).

Extension of remarks of Rep. Mason, Ill., including a Saturday Evening Post editorial criticizing OPA's policies (p. A1496).

Rep. Larcade, Jr., La., inserted a Washington Evening Star article claiming that price control is "unworkable" (pp. A1496-7).

2. FEED SHORTAGE. Extension of remarks of Rep. Patterson, Calif., stating that he had appealed to this Department to remedy to grain and feed shortage in Calif. (p. A1483).

west section of the State of Wisconsin. This conference was held in La Crosse on March 6. It indicates how concerned the people are in relation to the important subject of the Federal Government doing everything within its power to bring about a balanced budget.

The strike situation which we have been facing of late does not make for economic or moral solvency of this great Nation.

There being no objection, the resolution was received, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Whereas the proposed budget for the Federal Government for the fiscal year ending June 30, 1947, totals more than $35,000,000,000; and

Whereas this total is nearly $4,000,000,000 in excess of anticipated revenues for the fiscal year; and

Whereas this budget presents the first opportunity in 16 years for balancing revenues and expenditures; and

Whereas the taxpayers of the Nation cannot afford to have the Government spend more money than it takes in and are not in a position to continue paying for war agencies which should be discontinued or to support war agencies of no use to civil functions, while expenses for civil functions would be increased; and

Whereas this is not the time for launching the most gigantic Government public works program in history, in competition with urgent private projects, or for maintaining expenses for general government at a level 100 percent higher than that of 1939: Now, therefore, be it

Resolved, That Congress be urged to scrutinize all spending proposals to which the Government is not already committed and to cut proposed expenditures by an amount at lease sufficient to permit balancing the budget; be it also

Resolved, That copies of this resolution be sent to Wisconsin Congressmen.

A. G. Benjamin, Nelson, Wis.; T. E. Lewis, Mauston, Wis.; C. A. Jones, Mauston, Wis.; A. E. Wackney, Tomah, Wis.; John G. Beck, Benton, Wis.; George L. Cook, Linden, Wis.; John Honel, Tomah, Wis.; Robert J. Edge, Platteville, Wis.; Silas F. Wallen, Taylor, Wis.; E. J. Norman, Richland Center, Wis.; Earl Prane, Arkansaw, Wis.; C. B. Allerby, Whitehall, Wis.; John A. Thompson, Hixton, Wis.; A. O. Torson, Independence, Wis.; C. L. Behnken, Mauston, Wis.; W. J. Hood, La Crosse, Wis.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. McKELLAR, from the Committee on Appropriations:

H. R. 5671. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes with amendments (Rept. No. 1066).

ABSENTEE VOTING BY MEMBERS OF THE ARMED FORCES—REPORT OF COMMITTEE ON PRIVILEGES AND ELECTIONS

Mr. GREEN. Mr. President, from the Committee on Privileges and Elections, I ask unanimous consent to report favorably the bill (S. 1876) to facilitate voting by members of the armed forces and certain others absent from the place of their residence, and to amend Public Law 712, Seventy-seventh Congress, as amended, and I submit a report (No. 1065) thereon. I am glad to state that the bill is reported unanimously, with certain amendments.

The PRESIDENT pro tempore. Without objection, the report will be received, and the bill will be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. VANDENBERG:

S. 1950. A bill to repeal the law permitting vessels of Canadian registry to transport iron ore between United States ports on the Great Lakes; to the Committee on Commerce.

By Mr. WHEELER:

S. 1951. A bill authorizing the Secretary of the Interior to convey certain lands in the State of Montana to Norman Nedrud; and

S. 1952. A bill authorizing the issuance of a patent in fee to Sampson Birdinground; to the Committee on Indian Affairs.

By Mr. EASTLAND (for himself and Mr. WHERRY):

S. 1953. A bill to amend the Espionage Act of June 15, 1917, as amended; to the Committee on the Judiciary.

By Mr. MITCHELL:

S. 1954. A bill to authorize the construction of an electrochemical laboratory in the Pacific Northwest; to the Committee on Mines and Mining.

By Mr. BILBO:

S. 1955. A bill to authorize the Commissioners of the District of Columbia to provide necessary utilities for veterans' housing furnished and erected by the National Housing Administrator; to the Committee on the District of Columbia.

MODIFICATION IN THE AUTHORIZATION FOR CERTAIN SUBSIDIES—CONFERENCE REPORT

Mr. BARKLEY. Mr. President, I present a conference report on House Joint Resolution 301 and ask for its present consideration.

The PRESIDENT pro tempore. The report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 301) to amend Public Law 30 of the Seventy-ninth Congress, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses, as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2; and agree to the same.

ALBEN W. BARKLEY,
SHERIDAN DOWNEY,
ABE MURDOCK,
ROBERT A. TAFT,
Managers on the Part of the Senate.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
JESSE P. WOLCOTT,
RALPH A. GAMBLE,
Managers on the Part of the House.

The PRESIDENT pro tempore. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. BARKLEY. Mr. President, the conference report is on the House joint resolution which we had before the Senate a week or 10 days ago to which the Senate added an additional allocation to the previous authorizations for meat subsidies of $125,000,000, and for flour of $25,000,000, and so on. The House agreed to the Senate amendments in toto.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

IMPORTANCE OF CONTINUOUS SESSIONS OF THE SECURITY COUNCIL

Mr. VANDENBERG. Mr. President, supplementing my previous discussion of the United Nations I want to add one brief postscript as a result of current events.

I think it is unfortunate that the Security Council of the United Nations is not in continuous session during such times as these. That is my conception of its function under the Charter which requires in article 28 that it "shall be so organized as to be able to function continuously." It is true that this language does not literally require continuity of meetings at all times—particularly since the same article in the Charter says that these meetings shall be "periodic". But in the larger sense of the word, and in the full meaning of article 24 which charges the Security Council with responsibility for "prompt and effective action," I think the Security Council most certainly should be sitting every day of every week when the world is as restless as it is at the present moment.

I hasten to say I am not speaking critically. I am not complaining. I am not attempting to inject any viewpoint into the current problems of our own State Department. The Security Council is not yet 2 months old. It could scarcely have been expected to settle into a regular schedule so soon. I am simply posing an academic observation, on the basis of current events, for future consideration.

I feel very deeply that the Security Council's greatest advantage and its greatest potential for peace is in constant continuity of contacts—day by day, and even hour by hour—when trouble is afoot. I think it is infinitely less probable that little frictions will grow into big ones if the members of the Security Council, particularly including the five great powers, are facing each other eye to eye each morning. Thus the Security Council would consider the world's problems as a matter of routine and it would not emphasize the psychology of crisis by assembling after the elements of crisis had crystallized. It would be a "fire department" instead of a "salvage squad."

In the absence of such intimate contacts, we are thrown back into the old and tedious mode of "writing notes" from capital to capital during these current hair-trigger days. There is a better and a more hopeful way. It is the way envisioned by my conception of the Security Council of the United Nations as an institution which is open for business every day in every year. I dare to hope that the time will come when the Security Council operates upon such a schedule. It will be encouraging to the hopes of men for peace.

Mr. THOMAS of Utah. Mr. President, before I begin my remarks on the pend-

ing bill I should like to associate myself with the views expressed by the Senator from Michigan [Mr. VANDENBERG]. The United Nations Organization is established, and, as I understand has, or will soon have, a permanent Secretariat. The Security Council is an extremely essential instrumentality of the United Nations, and I agree with the Senator from Michigan that it should be constantly in session.

I should like to add to what the Senator from Michigan has said, that world government under the United Nations as a road to peace can be effective only if the institutions which function under it remain active and alert and constantly strive for the goal of peace.

Mr. President, at this time probably more than at any other time in our history, when new instrumentalities for peace are being set in motion we should reflect on the past and think of the changes which have occurred. If there was ever a time when American citizens should be historically minded and not hysterically minded this is the time. A reading of the headlines in the newspapers from day to day discloses a striking similarity with conditions prevailing in wartimes. All the hate, all the envy that once were turned against one nation or its representatives are turned at another time against other nations or their representatives. The lack of appreciation of things as they are is so evident that one should be forgiven for calling attention to that fact.

Lately, for one reason or another, attack upon attack has been made against the former Prime Minister of Great Britain. Constantly there is a running attack upon one of our greatest allies, Russia. Mr. President, I suggest that we study the history of the past hundred years and review what have been the aims and aspirations of the great Russian Nation, or the Nation of the Russias, as it used to be called, and note that that nation, like our Nation, has lived within a cycle of destiny, has lived in accordance with a plan, which has back of it as an ultimate end the desire for existence.

Some of the things which that great nation is fighting for today are exactly the same things it fought for in the fifties of the last century. It was frustrated, it was stopped, it did not attain its objectives. That nation has constantly attempted to achieve other things by what it called peaceful penetration, by assuming spheres of interest, by making peaceful conquests, and by means of treaties.

Then came two mighty wars. Each of those wars set Russia back in the attainment of what it thought was its proper aims. These aims are simple ones, Mr. President. A great inland nation, bordering on no waters, will constantly have one aim, if I have any knowledge of the philosophy of history. It wants and all-year-round outlet to the Atlantic, to the Mediterranean, to the Indian Ocean, and to the Pacific Ocean. That is a national striving consistent with that of all other nations. In these things it has been stopped, because Russia, whether czarist or Bolshevik, whether Communist or revolutionary, has maintained the same foreign policy and has held to the same aims, and in addition to that, under each of those types of government the Russian people have been kept from attaining their objective by defeats in various wars, and by various types of action against them.

Now, Mr. President, for the first time in over a hundred years a nation stands victorious with a chance to attain some of its at least hundred-year-old objectives. Should we not take that into consideration when we pass judgment? Should we not understand these things when we speak on such subjects? When we speak let us do so in accordance with that background and with that understanding. If we do, then I am sure that great difficulties will not be created, and there will not be rumors of wars in the newspapers, and people will not be constantly discussing such rumors.

RELATIONS WITH RUSSIA

Mr. CAPPER. Mr. President, I received a very interesting letter from Rev. and Mrs. W. S. Baker, well-known citizens of Wichita, Kans., who call my attention to an editorial printed by the Wichita Beacon suggesting that Joseph E. Davies, former Ambassador to Russia, would be the right man to bring about a friendly understanding between Russia and the United States. I think the suggestion is well worth serious consideration.

I ask unanimous consent that the editorial from the Wichita Beacon and the letter from Rev. and Mrs. W. S. Baker be printed in the RECORD.

There being no objection, the letter and editorial were ordered to be printed in the RECORD, as follows:

WICHITA, KANS., *March 9, 1946.*

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR SIR: I am enclosing an editorial taken from the Wichita Beacon of March 8, which contains a very fine suggestion for dealing with the trouble between Russia and the United States. It would be deplorable if serious trouble should arise at this time between the United States and Russia.

Cannot someone be sent to Russia to bring about a solution of the difficulties?

I am writing for both Mr. Baker and myself. Mr. Baker is a brother of the late H. L. Baker of La Crosse, Kans., who was for many years chairman of the Republican Committee of Rush County, Kans., and a stanch friend of yours.

I trust I am not bothering you too much. Thank you.

Very sincerely,
Rev. and Mrs. W. S. BAKER.

SHOULD SEND PEACEMAKER TO RUSSIA

The situation in Iran, where the Russians refuse to withdraw their troops, threatens to afford the first case for consideration by the World Security Council of the United Nations Organization. Again the peace of the world is facing a serious threat. The Iranians are seeking peaceful relations with their powerful Soviet neighbor. But no progress is being made toward solutions of this dangerous matter.

This is not the first time the Russians have balked and failed to unite wholeheartedly in the establishment of world peace. As in previous instances, there probably is a way to cure this new trouble and menace to peace efforts and unity among the United Nations.

Once before, when it seemed that a break with Russia could not be avoided and the matter had the appearance of hopelessness, a solution was found without difficulty. The late President Roosevelt sent Harry Hopkins to Moscow as a pacifier. His efforts were attended by complete success. The Russian leaders had confidence in Hopkins. They believed in him and trusted him.

The result of the Hopkins visit was that a break with the Soviets was avoided. A similar move by President Truman, at this time, probably would have just as valuable results as did the Hopkins visit.

The right person, if sent to Russia by President Truman, might be able to bring the Russians to an understanding and agreement with the other world powers. If so it would clear up a situation that threatens to nullify everything that has been accomplished by the United Nations up to this time.

Probably there is in the United States no one more able to accomplish such a mission of peace to Russia than our former Ambassador to Moscow, Joseph Davies. He understands the Russians. They have the utmost confidence in him. He was a most successful representative of this country in Russia during the period of his ambassadorship.

While in Russia Ambassador Davies was greatly helpful to the Soviets in many ways. He made friends there and still has friends there. He assisted the Russians at a time when they were in dire need of help. There is no reason to believe that they have forgotten this assistance or have become ungrateful.

Davies probably could sell the Russians on the idea that they should remain loyal members of the United Nations Organization. If so, the irritating situation could be cleared quickly and finally.

If Davies is not the person to clarify the Russian-Iranian trouble, then certainly there is someone in the United States who could do the job. It is important and urgent.

We have failed to view the Russian threat in this light. It is time we were doing so. There is great danger in any situation that might plunge the world into another war.

AWARD OF LEGION OF MERIT TO CAPT. JOHN S. DELANO, UNITED STATES COAST GUARD RESERVE

Mr. RADCLIFFE. Mr. President, one of the most interesting and highly significant developments of our war program was the remarkable manner in which many organizations and persons trained to do highly specialized work were able successfully to place their services at the disposal of the United States Government. Often these became incorporated bodily into some branch of the armed forces where their technical knowledge and efficiency were invaluable factors in the success of our war effort.

I have in mind one such organization and its leader in illustration of the point which I have just made. I have reference to the American Pilot's Association and its very able president, Capt. John S. Delano.

The association, in war as in peace, demonstrated its high efficiency under its president, Captain Delano. The splendid record which he made as a part of our armed forces is brought out in the letter to Captain Delano from Rear Adm. L. T. Chalker, Acting Commandant of the United States Coast Guard, on November 30, 1945, which reads as follows in

Calendar No. 1072

79th Congress, 2d Session | SENATE | Report No. 1066

SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1946

March 15 (legislative day, March 5), 1946.—Ordered to be printed

Mr. McKellar, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 5671]

The Committee on Appropriations, to whom was referred the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, report the same to the Senate with various amendments and present herewith information relative to the changes made.

Amount of bill as passed House	[1] $356, 115, 500
Amount of increase by Senate	7, 999, 307
Amount of bill as reported to Senate	364, 114, 807

[1] Includes an indefinite appropriation of not to exceed $227,565,500.

The estimates of appropriations upon which the bill is based are contained in House Documents Nos. 426, 427, 436, 437, 439, 464, and 490.

The agencies and objects involved are as follows:

Title	Estimate	Bill as reported to Senate	Increase (+) and decrease (−) bill compared with estimates
The Judiciary:			
Court of Claims, printing and binding, 1946		$12, 000	+$12, 000
Federal Security Agency:			
Social Security Board:			
Grants to States for old-age assistance, aid to dependent children, and aid to the blind, 1946	$10, 000, 000	10, 000, 000	
Office of Vocational Rehabilitation:			
Payments to States, 1946	3, 435, 000	3, 435, 000	
Veterans' Administration:			
Administration, medical, hospital, and domiciliary services, 1946	114, 000, 000	114, 000, 000	
Vocational rehabilitation revolving fund	1, 000, 000	1, 000, 000	
Department of Agriculture:			
Fighting forest fires, 1946	3, 483, 000	3, 350, 000	−133, 000
Loans, grants, and rural rehabilitation		(1)	
Post Office Department:			
Foreign mail transportation, 1946	2, 844, 000	1, 200, 000	−1, 644, 000
War Department, civil functions:			
Rivers and harbors and flood control	(2)	(3)	
Cemeterial expenses		3, 000, 000	+3, 000, 000
Increased pay costs	228, 117, 807	228, 117, 807	
Total	362, 879, 807	364, 114, 807	+1, 235, 000

[1] Authority to borrow $25,000,000 from Reconstruction Finance Corporation.
[2] Waives limitation upon use of field appropriations for salaries in the Office of the Chief of Engineers.
[3] Retains limitation, raising the amount from $662,000 to $850,000.

The changes recommended in the amounts of the House bill are as follows:

Increases and Limitations

The Judiciary:

Court of Claims:

Printing and binding $12,000

The appropriation for printing and binding for the fiscal year 1946 amounted to $33,000, of which $30,800 has been expended and obligated, leaving a balance of $2,200. It is estimated that the printing bill of the Court of Claims for the remainder of the fiscal year on the basis of the present costs at the Government Printing Office will amount to $14,200, or $12,000 more than the present unobligated balance. Failure to print the opinions of the court and the reports of findings by the Commissioners would result in a serious delay in the disposition of many cases, some of which would bear interest if decided in favor of the plaintiff. The committee, therefore, recommends an additional appropriation of $12,000.

Federal Security Agency:

Office of Vocational Rehabilitation 3,435,000

This additional sum is required for 1946 to carry the Federal share of the costs of State vocational rehabilitation programs, which have expanded greatly since the 1946 estimates were submitted to Congress. Under the Vocational Rehabilitation Act, as amended, it is mandatory that the Federal Government provide 50 percent of the cost of rehabilitation services furnished under approved State programs and 100 percent of the costs of vocational guidance and administration of such programs.

Under the present law, the Federal Government is required to pay 100 percent of the costs of vocational guidance and administration of such programs. No limitation is placed upon the amount which each State may spend for administrative expenses, and this has resulted in some States spending for administration a large part of the funds granted by the Federal Government for the entire vocational rehabilitation program and also in inequalities in rates of salaries paid. It was pointed out to the committee that many instances exist where the salaries paid by the States under this program are much higher than salaries paid for similar work in other branches of the State governments.

The committee is going to give further consideration to the question of the use for administrative purposes of the funds allotted to the various States under this program, in connection with the regular 1947 appropriations, with a view to limiting the amounts that may be spent for administration by the various States under this program, and also to the question of whether or not the States should contribute a part of the funds required for administrative expenses.

Veterans' Administration:

Vocational rehabilitation, revolving fund $1,000,000

The increase in the vocational rehabilitation revolving fund is needed to take care of the unprecedented and unanticipated demand for temporary loans on the part of disabled veterans undertaking courses of vocational rehabilitation. Since these loans are repaid by the veterans through automatic deduction from subsequent pension payments due them, a much-needed service is performed without permanent outlay of Federal funds.

Department of Agriculture:

Loans, grants, and rural rehabilitation:

It is recommended by the committee that the following paragraph be added to the bill:

Loans, grants, and rural rehabilitation: For funds in addition to funds authorized under this head in the Department of Agriculture Appropriation Act, 1946, and for the same objects and subject to the same conditions, the limitation of $67,500,000 in the authorization and direction to the Reconstruction Finance Corporation to make advances, contained under this head in said Act, is hereby increased to $92,500,000: Provided, That $15,000,000 of the $25,000,000 increase herein provided shall be used for making loans to eligible veterans of World War II.

Navy Department:

It is recommended by the Committee that the following paragraph be added to the bill:

The appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1946, shall be available for expenses in connection with the transfer to the United States of foreign vessels, including pay, subsistence, clothing, transportation, and repatriation of alien crews.

War Department:

Cemeterial expenses 3,000,000

In order that actual work incident to the evacuation and return to their homeland of American dead overseas may be started promptly upon final enactment of H. R. 3936 (passed by the House of Representatives on Dec. 18, 1945; approved by the Senate Military Affairs Committee on Mar. 12, 1946), it is essential that contracts be executed at the earliest possible date for an initial supply of 20,000 metal caskets to insure production and delivery to overseas destinations by the time other arrangements for starting the work are completed. The committee, therefore, recommends an appropriation of $3,000,000 at this time.

Increased pay costs 552,307

The bill as passed by the House provided a limited indefinite appropriation amounting to $227,565,500 to care for increased pay costs for some 25 appropriations which were enumerated in the bill. The committee, however, felt that it would be better to appropriate specific amounts for each of the appropriations. The committee has added certain appropriations under the Architect of the Capitol and the Library of Congress, amounting to $552,307. The appropriations listed in the bill as reported were included at this time in order that there may be no delay in effecting salary payments.

Total increase 7,999,307

Amount of bill as reported to the Senate 364,114,807

O

Calendar No. 1072

79TH CONGRESS
2D SESSION

H. R. 5671

[Report No. 1066]

IN THE SENATE OF THE UNITED STATES

MARCH 8 (legislative day, MARCH 5), 1946
Read twice and referred to the Committee on Appropriations

MARCH 15 (legislative day, MARCH 5), 1946
Reported by Mr. MCKELLAR, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, namely:

1 *THE JUDICIARY*

2 *Court of Claims*

3 *Printing and binding: For an additional amount for*
4 *printing and binding, Court of Claims, fiscal year 1946,*
5 *$12,000.*

6 INDEPENDENT EXECUTIVE AGENCIES

7 Federal Security Agency

8 SOCIAL SECURITY BOARD

9 Grants to States for old-age assistance, aid to dependent
10 children, and aid to the blind: For an additional amount,
11 fiscal year 1946, for "Grants to States for old-age assistance,
12 aid to dependent children, and aid to the blind", $10,000,000.

13 *OFFICE OF VOCATIONAL REHABILITATION*

14 *Payments to States: For an additional amount, fiscal*
15 *year 1946, for "Payments to States", including the objects*
16 *specified for this purpose in the Federal Security Agency*
17 *Appropriation Act, 1946, $3,435,000, of which not to ex-*
18 *ceed $5,000 shall be available for providing rehabilitation*
19 *services to disabled residents of the District of Columbia*
20 *under section 6 of the Vocational Rehabilitation Act.*

21 VETERANS' ADMINISTRATION

22 Administration, medical, hospital, and domiciliary serv-
23 ices: For an additional amount, fiscal year 1946, for "Ad-
24 ministration, medical, hospital, and domiciliary services",

1 including the objects specified under this head in the Inde-
2 pendent Offices Appropriation Act, 1946, $114,000,000.
3 *Vocational rehabilitation revolving fund: To increase*
4 *the "Vocational rehabilitation revolving fund (Act of March*
5 *24, 1943)", created by the Urgent Deficiency Appropriation*
6 *Act, 1943, $1,000,000.*

7 DEPARTMENT OF AGRICULTURE

8 FOREST SERVICE

9 Fighting forest fires: For an additional amount, fiscal
10 year 1946, for "Fighting forest fires", $3,350,000.

11 *LOANS, GRANTS, AND RURAL REHABILITATION*

12 *For funds in addition to funds authorized under this*
13 *head in the Department of Agriculture Appropriation Act,*
14 *1946, and for the same objects and subject to the same condi-*
15 *tions, the limitation of $67,500,000 in the authorization and*
16 *direction to the Reconstruction Finance Corporation to make*
17 *advances, contained under this head in said Act, is hereby*
18 *increased to $92,500,000: Provided, That $15,000,000 of*
19 *the $25,000,000 increase herein provided shall be used for*
20 *making loans to eligible veterans of World War II.*

21 *NAVY DEPARTMENT*

22 *The appropriations for the Navy Department and the*
23 *naval service for the fiscal year ending June 30, 1946, shall*
24 *be available for expenses in connection with the transfer to*

1 *the United States of foreign vessels, including pay, subsistence,*
2 *clothing, transportation, and repatriation of alien crews.*

3 POST OFFICE DEPARTMENT

4 (Out of the postal revenues)

5 OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL

6 Foreign mail transportation: For an additional amount,
7 fiscal year 1946, for "Foreign mail transportation", includ-
8 ing the objects specified under this head in the Post Office
9 Department Appropriation Act, 1946, $1,200,000, of which
10 amount the sum of $3,000 is hereby made available for the
11 establishment of an Office of Assistant Director, Division of
12 International Postal Service, with headquarters at New York,
13 New York, preparatory to the reestablishment of Sea
14 Post Service on July 1, 1946.

15 WAR DEPARTMENT—CIVIL FUNCTIONS

16 *Quartermaster Corps*

17 *Cemeterial expenses: For an additional amount for*
18 *"Cemeterial expenses", fiscal year 1946, including the objects*
19 *specified under this head in the War Department Civil Appro-*
20 *priation Act, 1946, and necessary expenditures in connection*
21 *with the procurement of caskets, $3,000,000.*

22 Corps of Engineers

23 RIVERS AND HARBORS AND FLOOD CONTROL

24 The amount of $662,000 named in the proviso under
25 the head of "Rivers and harbors and flood control" in the

War Department Civil Appropriation Act, 1946, upon expenditures for personal services in the Office of the Chief of Engineers, is hereby increased to $850,000, such revised amount to include the cost on account of such personal services of the Federal Employees Pay Act of 1945 (Public Law 106).

INCREASED PAY COSTS

~~For such sums as may be necessary, not to exceed the respective amounts named in House Document Numbered 437, Seventy-ninth Congress, for making payments during the fiscal year 1946 in consequence of the Federal Employees Pay Act of 1945 (Public Law 106), and of the Act entitled "An Act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation; and for other purposes", approved July 6, 1945 (Public Law 134), from appropriations as follows:~~

~~National Archives: Salaries and expenses;~~

~~Railroad Retirement Board:~~

~~Salaries;~~

~~Miscellaneous expenses, other than salaries;~~

~~Smithsonian Institution:~~

~~Salaries and expenses;~~

~~Salaries and expenses, National Gallery of Art;~~

1 ~~Department of Agriculture:~~

2 ~~Bureau of Entomology and Plant Quarantine:~~

3 ~~Insect investigations;~~

4 ~~Insect and plant disease control;~~

5 ~~Foreign plant quarantines;~~

6 ~~Department of Commerce:~~

7 ~~Office of Administrator of Civil Aeronautics: Main-~~

8 ~~tenance and operation of air-navigation facilities;~~

9 ~~Weather Bureau: Salaries and expenses;~~

10 ~~Post Office Department (out of the postal revenues):~~

11 ~~Office of the First Assistant Postmaster General:~~

12 ~~Compensation to postmasters;~~

13 ~~Compensation to assistant postmasters;~~

14 ~~Clerks, first- and second-class post offices;~~

15 ~~Clerks, third-class post offices;~~

16 ~~City delivery carriers;~~

17 ~~Office of the Second Assistant Postmaster General:~~

18 ~~Railway mail service;~~

19 ~~Railway postal clerks, travel allowance;~~

20 ~~Office of the Fourth Assistant Postmaster General:~~

21 ~~Vehicle service;~~

22 ~~Public buildings, maintenance and operation:~~

23 ~~Operating force;~~

24 ~~Treasury Department:~~

25 ~~Custody of Treasury Buildings: Salaries of operat-~~

26 ~~ing force;~~

~~Bureau of Internal Revenue: Salaries and expenses;~~

~~Secret Service Division:~~

~~Salaries;~~

~~Suppressing counterfeiting and other crimes;~~

~~Salaries and expenses, guard force, Treasury buildings;~~

~~War Department—Civil functions:~~

~~Quartermaster Corps: Cemeterial expenses:~~

~~*Provided,* That the obligations incurred and expenditures made for such purposes under the authority of this Act shall be charged to any appropriations therefor in the Second Deficiency Appropriation Act, 1946, when enacted: *Provided further,* That any restrictions heretofore made applicable to any of the foregoing appropriations, which limit the amounts which may be expended for personal services or for other purposes, or amounts which may be transferred between appropriations or authorizations, are hereby waived to the extent necessary to meet increased pay costs as provided for herein.~~

For additional amounts for appropriations for the fiscal year 1946, to meet increased pay costs authorized by the Acts of June 30, 1945 (Public Law 106), and July 6, 1945 (Public Law 134), as follows:

For—

Architect of the Capitol:

"Legislative Garage", $7,200;

1 *Library Buildings and Grounds: "Salaries",*
2 *$51,000;*
3 *Botanic Garden: "Salaries", $34,500;*
4 *Library of Congress:*
5 *"Salaries, Library, proper", $405,407;*
6 *Distribution of printed cards:*
7 *"Salaries and expenses", $54,200;*
8 *National Archives: "Salaries and expenses", $157,000;*
9 *Railroad Retirement Board:*
10 *"Salaries", $350,000;*
11 *"Miscellaneous expenses, other than salaries",*
12 *$40,000;*
13 *Smithsonian Institution:*
14 *"Salaries and expenses", $238,500;*
15 *"Salaries and expenses, National Gallery of Art",*
16 *$184,500;*
17 *Department of Agriculture:*
18 *Bureau of Entomology and Plant Quarantine:*
19 *"Insect investigations", $270,000;*
20 *"Insect and plant disease control", $317,000;*
21 *"Foreign plant quarantines", $240,000;*
22 *Department of Commerce:*
23 *Office of Administrator of Civil Aeronautics:*
24 *"Maintenance and operation of air-navigation facilities",*
25 *$4,165,000;*

1 *Weather Bureau: "Salaries and expenses",*
2 *$2,590,000;*
3 *Post Office Department (out of the postal revenues):*
4 *Office of the First Assistant Postmaster General:*
5 *"Compensation to postmasters", $19,090,000;*
6 *"Compensation to assistant postmasters",*
7 *$2,308,000;*
8 *"Clerks, first- and second-class post offices",*
9 *$85,500,000;*
10 *"Clerks, third-class post offices", $5,595,000;*
11 *"City delivery carriers", $46,700,000;*
12 *Office of the Second Assistant Postmaster General:*
13 *"Railway mail service", $16,681,000;*
14 *"Railway postal clerks, travel allowance",*
15 *$1,253,000;*
16 *Office of the Fourth Assistant Postmaster General:*
17 *"Vehicle service", $9,650,000;*
18 *Public buildings, maintenance and operation:*
19 *"Operating force", $7,500,000;*
20 *Treasury Department:*
21 *Custody of Treasury Buildings: "Salaries of oper-*
22 *ating force", $137,600;*
23 *Bureau of Internal Revenue: "Salaries and ex-*
24 *penses", $24,000,000;*

1 *Secret Service Division:*

2 *"Salaries", $15,100;*

3 *"Suppressing counterfeiting and other crimes",*

4 *$282,900;*

5 *"Salaries and expenses, guard force, Treasury*

6 *buildings", $211,900;*

7 *War Department—Civil functions:*

8 *Quartermaster Corps: "Cemeterial expenses",*

9 *$89,000;*

10 *In all, $228,117,807: Provided, That any restrictions*

11 *heretofore made applicable to any of the foregoing appro-*

12 *priations, which limit the amounts which may be expended*

13 *for personal services or for other purposes, or amounts which*

14 *may be transferred between appropriations or authorizations,*

15 *are hereby waived only to the extent necessary to meet in-*

16 *creased pay costs as provided for herein.*

17 TITLE II—GENERAL PROVISIONS

18 SEC. 201. No part of any appropriation contained in

19 this Act shall be used to pay the salary or wages of any

20 person who advocates, or who is a member of an organiza-

21 tion that advocates the overthrow of the Government of the

22 United States by force or violence: *Provided,* That for the

23 purposes hereof an affidavit shall be considered prima facie

24 evidence that the person making the affidavit does not advo-

25 cate, and is not a member of an organization that advocates,

1 the overthrow of the Government of the United States by
2 force or violence: *Provided further,* That any person who
3 advocates, or who is a member of an organization that advo-
4 cates, the overthrow of the Government of the United States
5 by force or violence and accepts employment the salary or
6 wages for which are paid from any appropriation contained
7 in this Act shall be guilty of a felony and, upon conviction,
8 shall be fined not more than $1,000 or imprisoned for not
9 more than one year, or both: *Provided further,* That the
10 above penal clause shall be in addition to, and not in substi-
11 tution for, any other provision of existing law.

12 SEC. 202. This Act may be cited as the "Second Urgent
13 Deficiency Appropriation Act, 1946".

Passed the House of Representatives March 5, 1946.

Attest: SOUTH TRIMBLE,

Clerk.

Calendar No. 1072

79TH CONGRESS
2D SESSION

H. R. 5671

[Report No. 1066]

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

MARCH 8 (legislative day, MARCH 5), 1946
Read twice and referred to the Committee on Appropriations

MARCH 15 (legislative day, MARCH 5), 1946
Reported with amendments

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-2nd, No. 48

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued March 20, 1946, for actions of Tuesday, March 19, 1946)

(For staff of the Department only)

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HIGHLIGHTS: Senate agreed to conference report on urgent deficiency appropriation bill. Senate passed 2nd urgent urgent deficiency appropriation bill. Both Houses received proposed legislation for consolidated PMA appropriation accounts. House passed Flannagan farm-credit bill. House received conference report on independent offices appropriation bill. House Rules Committee cleared Cooley farm-credit bill.

NOTE: The Department has been advised that Senate hearings on the 1947 Agricultural Appropriation Bill may be delayed as much as two weeks, but that we should be prepared to appear on reasonably short notice should developments make it necessary to commence hearings earlier.

SENATE

1. URGENT DEFICIENCY APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 5458, which includes a $100,000,000 increase in REA borrowing power and appropriations for OPA and OPA (pp. 2444-5). This bill will now be sent to the President.

2. SECOND URGENT DEFICIENCY APPROPRIATION BILL. Passed as reported this bill, H. R. 5671, which increases the FSA borrowing authority for rural-rehabilitation loans from $67,500,000 to $92,500,000 with a provision that $15,000,000 of the $25,000,000 increase be used for loans to World War II veterans, and appropriates $3,350,000 additional for fighting forest fires and additional amounts for increased personnel costs in E&PQ (pp. 2460-2).

Sens. McKellar, Glass, Hayden, Tydings, Russell, Brooks, Bridges, and Gurney were appointed conferees (p. 2462).

3. WAR DEPARTMENT CIVIL APPROPRIATION BILL. Passed with amendments this bill, H. R. 5400, which was reported March 18 during Senate recess (S. Rept. 1067)(pp. 2432, 2446-50, 2455-7). Senate conferees were appointed (p. 2457). The bill contains items for flood control but, beginning with this bill, does not include the flood-control appropriations for this Department.

4. LABOR STANDARDS. Continued debate on S. 1349, the minimum-wage bill (pp. 2434-5, 2439, 2442-4).

5. PMA ACCOUNTING. Received from this Department proposed legislation to establish one or more separate appropriation accounts through which might be paid all or any part of the administrative expenses in carrying out PMA functions. To Agriculture and Forestry Committee. (p. 2432.)

6. EXPORT-IMPORT BANK. Received the report of this Bank for the last half of 1945. To Banking and Currency Committee. (p. 2432.)

7. FOREIGN RELIEF. Sen. Wiley, Wis., inserted a letter from the Wis. Farm Bureau favoring the diversion of more grain for European relief (p. 2432).

8. PRICE CONTROL. Rep. Stanfill, Ky., stated that OPA has been unfair to grocers and inserted a Lexington Herald article on the subject (pp. 2436-8).

9. NOMINATIONS. The Military Affairs Committee reported favorably the nomination of Gen. Gregory to be War Assets Administrator (p. 2462).

Received the nominations of Bernard M. Baruch as U. S. representative on the U. N. Atomic Energy Commission and Oscar L. Chapman to be Under Secretary of Interior (p. 2462).

HOUSE

10. FLANNAGAN FARM-CREDIT BILL. Passed with amendment this bill, H. R. 4873, which would set up the FCA and FSA functions under an independent Agricultural Credit Agency, by a 239-80 vote (pp. 2468-92).

Agreed to an amendment by Rep. Taber, N. Y., to provide that "all agencies transferred to the Agricultural Credit Agency shall be operated in each county or combination of counties under one representative" (pp. 2485-6).

An amendment by Rep. Poage, Tex., to restrict the appraisal provision by providing that the "appraisers appraise only for the land bank, but the land bank may accept the appraisal without the confirmation...by appraisers who come from the head offices of the bank," was ruled out of order (p. 2488).

Rejected an amendment by Rep. E. A. Hall to provide specifically for loans to veterans (pp. 2488-9), and an amendment by Rep. Mahon, Tex., to provide for 6-year (rather than 12-year) terms for the board members (pp. 2489-91).

11. INDEPENDENT OFFICES APPROPRIATION BILL. Received the conference report on this bill, H. R. 5201 (pp. 2465-7). The conferees amended the Budget Bureau field-offices provision to read: "No part of the appropriations herein made to the Bureau of the Budget shall be used for the maintenance or establishment of more than four regional, field, or any other offices outside the District of Columbia." The amendment continuing available the $5,000,000 emergency fund for the President is still in disagreement. The general provisions were not in disagreement (see Digest 7 for a summary of these provisions).

12. FARM CREDIT; RURAL REHABILITATION. The Rules Committee reported a resolution for the consideration of the Cooley farm credit bill (pp. 2493, 2500).

13. COFFEE PRICES. Rep. Hale, Maine, criticized the OPA price regulations on coffee, and inserted his letter to the President recommending that controls be removed (pp. 2493-4).

14. PMA ACCOUNTING. Received from this Department proposed legislation to establish one or more separate appropriation accounts through which might be paid all or any part of the administrative expenses in carrying out PMA functions. To Agriculture Committee. (p. 2500.)

15. LUMBER PRICES. Reps. Horan, Wash., and Ellsworth, Oreg., criticized the price regulations on lumber as a hindrance to full lumber production (pp. 2497-8).

curred before December 1945 in the case of all passenger-car manufacturers.

The Department's study assumes an increase in output per man-hour by 1948 that would equal the increase that might have been expected between 1941 and 1948 if there had been no interruption of automotive production and if the average increase in output per man-hour between 1919 and 1941 could validly be assumed to be applicable. Even Department of Commerce and the United States Bureau of Labor Statistics figures show no increase in output per man-hour for the 5 years immediately preceding the war, after correction for errors in the Department's calculation for 1941.

The complete report states that the conclusions cannot be applied to individual companies in the industry. Yet conclusions released to the press early in November lacked any such qualification and stated flatly that the industry could pay 25 percent higher wages without an increase in the prices of its finished products.

The misleading impression created in the public mind becomes apparent when it is pointed out that the Bureau of Internal Revenue received returns from 700 to 1,150 automotive concerns each year between 1929 and 1941, and, in all except the last 3 years, half or more of the firms reported losses. Even in 1941, 26 percent made no profits.

We are sure that if you will personally review the circumstances under which the original conclusions were reached; the long delay in supplying the completed report until its accuracy became a moot question; the gross lack of agreement between the original conclusions and the details submitted long thereafter; and the many errors in the completed report, you will realize the necessity for correcting the public record.

So that your department may merit a record of reliability and impartiality, we urge you to take adequate and appropriate steps to correct the public misunderstanding caused by the November release, and cancel publication of the highly conjectural, inaccurate, and misleading complete report. If issued, it can only contribute to further widespread misrepresentation and misunderstanding of the facts pertaining to one of the country's most important industries, and to the detriment of the best interests of all concerned, of which the general public interest is far and away the most important during these troubled times.

Sincerely yours,

GEORGE W. MASON, *President*.

Nothing was done by the Department of Commerce to correct the misleading statements from November 1 until March 14, 1946, when the Secretary issued the following statement:

The following statement was issued today by Secretary of Commerce Henry A. Wallace, after studies and discussions with the Business Advisory Council at its regular meeting in the Department March 13 and 14.

The report on the automobile industry dealing with cost, price, and profit relationships, released to the press on November 1, 1945, has been the subject of much controversy. That report, based on a study by Harold Wein, an economist, who submitted it to the Department of Commerce for consideration for publication, reflected an initial effort in the development of statistical methods and techniques to determine and project cost, price, and profit relationships under varying assumptions as to volume of production and sales. There are, of course, inherent uncertainties in projecting cost, price, and profit relationships for any specific industry and even for industry as a whole. Such projections are obviously dependent on assumptions as to future costs, selling prices, and specific methods of projection.

The projections in the release of November 1 were not intended, nor should they have been regarded, as official forecasts of costs, prices, or profits for the automobile industry or for industry as a whole. The study was intended as a projection based on specific and varying assumptions to point to the kinds of problems involved in the analysis of cost, price, and profit relationships. Such projections, although based on what seemed to be a reasonable range of assumptions, were not intended nor should they have been interpreted as forecasts of what would actually happen. The development of analytical techniques and methods should be perfected and it would be highly desirable for economists and statisticians in business, in universities, and in Government to cooperate toward the improvement of these techniques.

The fact-gathering aspects of the Department of Commerce program have reached wide business support and, in fact, have been designed largely at the request, and with the assistance, of the business community. In working out the details of its program the Department is currently developing its policy relating to statistical subject matter and techniques. In developing policy and program the various bureaus and offices of the Department are working closely with interested business groups to the end that our statistical and economic reports will have maximum usefulness to industry, business, and Government.

Even as late as the 14th of March, Mr. President, all the facts are not told as to this report. They do not say who Mr. Wein is. They merely say:

That report, based on a study by Harold Wein, an economist, who submitted it to the Department of Commerce for consideration for publication.

I tried to obtain from Mr. Wein some of the facts as to how this information was obtained, and its relationship to the Department of Commerce, but he declined to discuss the matter because he must first wait on the Secretary of Commerce to give him the green light so he may tell to a Senator or to the Senate the actual facts respecting how the matter contained in this publication was obtained.

He says he was not paid for it. He admits that much. He admits that he wrote it on off time while an employee of the Department of Justice, and he took his employment with the Department of Justice on the 24th day of May 1945. Oh, yes; he has had previous places of employment. He had been previously with the War Production Board. He had been with OPA. He had started in 1939 at a salary of $2,000 a year, and his salary is now $6,650 a year.

But I say, Mr. President, if this report which was issued at this critical time in the economic history of the country, had been signed or purported to have been signed by Harold Wein, an employee of the Department of Justice, no attention would have been paid to it. But it came out as an official publication of the Department of Commerce. We know that daily we are called upon to rely upon facts obtained from various departments. If publications such as this are going to be issued, how can the Senate, how can the House, how can the American people rely upon such statements? I say it was four months and a half before the Department of Commerce saw fit to tell a part of the truth respecting this report.

Mr. President, this is a serious matter. We appropriate millions of dollars yearly for the Department of Commerce. The Congress and the American people want to know what they are getting for that money.

The Department of Commerce is a tax-supported institution, receiving from the United States taxpayers all the money necessary to pay its employees. It has an official duty to carry out, which is to promote the commerce of the United States and its manufacturing, shipping, and transportation interests. For the fiscal year 1946 the Department of Commerce received from the taxpayers of America an appropriation of $2,003,212, simply for purposes of public relations. The Secretary said that this report—

Reflected an initial effort in the development of statistical methods and techniques to determine and project cost, price, and profit relationships under varying assumptions as to volume of production and sales.

If we spend money for the publicity activities of an agency which is to issue reports which are not truthful in fact, we are doing more than wasting money, because we are making possible the issuance of statements and reports which are misleading the American public. The taxpayers should not be required to spend their money for reports and alleged facts that are not accurate and beneficial to the people generally. Misstatements and inaccuracies are of no value.

Mr. President, I have no objection to the Secretary of Commerce making any political statement he wishes to make. Today we have had almost a Henry Wallace Day in the Senate. A number of speeches have been made about him. As I have said, I am not concerned with his political utterances, but I am greatly concerned when he undertakes to place in official reports statements which are not accurate. When Harold Wein sends in an article for publication in a magazine under his own name, and the article is used as an official publication of the Department of Commerce, and is represented as official data of the Department of Commerce, then I say—and these are harsh words, but they are true—it is a fraud upon the American people, and it remained a fraud upon the American people for 4½ months.

Mr. President, it is time for us to get true statements from our various departments. The small businessman, in particular, needs true statements, and not political utterances, upon which to base his business.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks an editorial entitled "New Suggestions from Mr. Wallace on the 'Full-Employment' Notion," from the Baltimore Sun of March 17, 1946, and an editorial entitled "That Auto Forecast," from the Washington Post of March 17, 1946.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun of March 17, 1946]

NEW SUGGESTIONS FROM MR. WALLACE ON THE FULL-EMPLOYMENT NOTION

Always a leader in the full-employment movement, Mr. Henry A. Wallace has now given us new and suggestive intimations of the way an extended Government may actu-

ally operate in the field of business economics. The full-employment idea in its original form, it will be remembered, would have saddled Government with the ultimate obligation to provide up to 60,000,000 jobs.

But Mr. Wallace, in his eloquent tracts on this theme, always suggested that the Government would be aloof and disinterested in the discharge of this obligation. It would keep hands wholly off so long as private enterprise did the employing job. And when it did intervene it would do so in a spirt of scientific objectivity and priestlike dedication to the national, as against any special, interest.

It was a pretty picture, but there were gross and sensual men here and there who always doubted that Government control of the economy would be this aseptic. Now Mr. Wallace gives them good reason to be more than ever suspicious. For Mr. Wallace now minimizes the importance of a report which leaked from his Department in October. This report purported to show, among other things, that the automobile industry could afford substantial wage increases immediately without rising prices. On Friday, Mr. Wallace announced that this report should never have been taken seriously. But he did not say why he had waited so long to say so.

But even an unsophisticated observer is aware of one or two factors in the situation. Since the report was "released" there have been great strikes in the automobile industry. Those strikes rested on the wage-boost-without-price-boost theory of the Commerce report. The strike leaders naturally made use of this report. The strikes have now been settled to the considerable advantage of that branch of the labor movement always specially enamored of Mr. Wallace as a public leader. The battle safely over, Mr. Wallace now explains that the report, used by the unions so skillfully, really wasn't official, wasn't authoritative, and wasn't to be taken seriously at all.

This is not quite the way Mr. Wallace has been assuring us the full-employment hierophants would behave if he could have his full-employment plan intact. It is precisely the way the critics of that plan have expected it to work, however.

[From the Washington Post of March 17, 1946]

THAT AUTO FORECAST

In our opinion, Secretary Wallace should have written off the Department of Commerce report on wages and profits in the automobile industry as one of those mistakes best forgotten. Instead, he has chosen to bring this unfortunate document to public attention once more by denying that it was in the nature of an official forecast. And to clinch his denial he has released to the press the name of a former OPA statistician whose study provided the basis for the report's conclusion that the automobile industry could increase basic wage rates 25 percent by 1947 without raising prices and continue to make high profits.

To "put the finger" on a hitherto anonymous statistician whose material has been incorporated in a study bearing the imprint of the Department of Commerce and issued from the office of the Secretary seems to us an unworthy method of attempting to shift official responsibility to the shoulders of a hapless individual who would have received no credit if his prophecies had been acclaimed. In any case, the Department of Commerce and its head cannot disavow responsibility for the error of judgment that was committed by releasing a report of such a nature when the automobile industry was involved in wage disputes that led to the GM strike. Despite the hypothetical nature of the report, it was obvious that its conclusions would be seized upon avidly by the UAW to support the contention of union leaders that heavy wage increases could be granted without increasing car prices. At the time we stated that, except for purposes of political propaganda, there was no excuse for publishing a document of this kind bristling with unverifiable assumptions.

Secretary Wallace's belated disavowal of the official status of the report at any rate leads us to hope that rash forecasts relating to business will in future be avoided. For the value of the services rendered by the Department of Commerce lies in objective presentation of pertinent business facts, free from even a suspicion of bias or a hint of special pleading. We do not wish to imply that the Department's statisticians should never indulge in forecasts. However, every experienced statistician realizes the dangers of official business forecasting—dangers growing out of opportunities for misusing such forecasts to further ulterior private ends. Forecasting should, therefore, be the rare exception rather than the rule, and care should always be taken to impress the public with the limitations of the data and the tentative nature of the conclusions.

SECOND URGENT DEFICIENCY APPROPRIATIONS

Mr. McKELLAR. Mr. President, I move that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of House bill 5671 making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

Mr. AIKEN. Mr. President, is the bill on the calendar?

Mr. McKELLAR. The bill is on the calendar.

Mr. AIKEN. What is the calendar number?

Mr. McKELLAR. Calendar No. 1072.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee [Mr. McKELLAR.]

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. McKELLAR. Mr. President, I should like to make an explanation of the bill.

Mr. WHITE. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. McKELLAR. I yield.

Mr. WHITE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Capehart	Gerry
Austin	Capper	Gossett
Bailey	Carville	Green
Ball	Chavez	Guffey
Bankhead	Connally	Gurney
Barkley	Cordon	Hart
Bilbo	Donnell	Hatch
Brewster	Downey	Hawkes
Bridges	Eastland	Hayden
Briggs	Ellender	Hickenlooper
Buck	Ferguson	Hill
Bushfield	Fulbright	Hoey
Byrd	George	Huffman
Johnson, Colo.	Millikin	Saltonstall
Johnston, S. C.	Mitchell	Smith
Kilgore	Moore	Stanfill
Knowland	Murdock	Taft
La Follette	Murray	Thomas, Okla.
Lucas	Myers	Thomas, Utah
McCarran	O'Daniel	Tunnell
McClellan	O'Mahoney	Tydings
McFarland	Overton	Vandenberg
McKellar	Pepper	Walsh
McMahon	Radcliffe	Wheeler
Magnuson	Reed	White
Maybank	Revercomb	Wiley
Mead	Russell	Willis

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present.

Mr. McKELLAR. This bill is an urgency deficiency measure, designed principally for the purpose of paying increases in salaries which were authorized by a recent act of Congress. The Senate committee has added certain items, and I am quite sure the Senate will be agreeable to the additions, when they are stated.

First, there is a small item for the Court of Claims. Of course it must be paid, and it is included in the bill as reported by the committee. It amounts to only $12,000.

The next item is for the Federal Security Agency, Social Security Board, Office of Vocational Rehabilitation, $3,435,000. Of course, the States have already put up their shares of the funds for that agency, and it is necessary for Congress to appropriate the share of the Federal Government in respect to the costs and expenses of the agency. There is no way to avoid it, and the money must be appropriated. So I am sure the Senate will agree to that item.

The next item, which relates to the Veterans' Administration, involves an appropriation of $1,000,000 for the vocational rehabilitation revolving fund, which is authorized by law, and the money should be appropriated. I am quite sure there will be no disagreement as to it.

The next item is one for the Department of Agriculture. It makes certain appropriations available without requiring a new item. I am sure there will be no objection to that.

The next item is for the Navy Department, and is an addition to the naval appropriations already made. The amendment provides that—

> The appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1946, shall be available for expenses in connection with the transfer to the United States Navy of foreign vessels, including pay, subsistence, clothing, transportation, and repatriation of alien crews.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. SALTONSTALL. I should like to ask the distinguished Senator about a very simple amendment, although it may be somewhat technical. We have recently passed a ship sales bill. We have a great many surplus merchant ships. Would it not be well to include the words "of war," so as to make the amendment read "foreign vessels of war"?

Mr. McKELLAR. That will be entirely satisfactory, and will carry out the purposes of the Department, as I understand them. Therefore, I ask unanimous con-

sent to have the amendment modified by inserting the words "of war," so that the amendment will read "foreign vessels of war." If consent is given, I ask that the clerk make the necessary changes in the amendment.

The PRESIDING OFFICER. Without objection, the amendment will be modified as requested.

Mr. McKELLAR. The next item pertains to the War Department. Of course, every Senator will approve of this item, for it is for cemeterial expenses for deceased soldiers, $3,000,000.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. WHITE. I should like to ask about the cemeterial expenses. Can the Senator give us information as to the present authority and present purpose of the War Department with respect to returning to this country the bodies of soldiers who have died overseas?

Mr. McKELLAR. A bill for that purpose has passed the House of Representatives and has been reported favorably to the Senate, but has not actually been passed by the Senate.

Mr. WHITE. This amendment is to carry out the purpose of that measure; is it?

Mr. McKELLAR. It is.

Mr. YOUNG. Mr. President, I wonder whether the Senator can give the Senate information as to the total amount which it is anticipated will be required in order to carry out the full program?

Mr. McKELLAR. The total cost has not been accurately determined as yet, but it will be a very large sum. This item is merely the beginning. It is the purpose to bring back to the United States the bodies of all soldiers who lost their lives, in all cases in which it is possible to bring them back to this country. That program will cost the Government approximately $170,000,000.

Mr. YOUNG. I can appreciate the delicacy of a matter of this kind. However, I cannot help but observe that I think if the men themselves, whose bodies now lie in cemeteries in foreign countries, had an opportunity to express themselves, they might feel that this very large sum of money, amounting to approximately $150,000,000 or more, might be better expended in giving an education to the sons of those who have given their lives to their country, rather than in expending it to return to the United States the bodies of those who died overseas.

Mr. McKELLAR. I do not know as to that, and, of course, no one could ascertain how they might feel. But the relatives and friends of the men who lost their lives in the war and are buried in foreign soil are very much in favor of having their bodies returned home.

Mr. AIKEN. Mr. President, do I correctly understand that this item of appropriation is to cover legislation which is now on its way to the Senate from the House of Representatives?

Mr. McKELLAR. Yes; it has passed the House of Representatives and has been favorably reported by the Senate committee.

Mr. AIKEN. This morning I received a letter from a mother who says that she just cannot sleep at night, thinking of her boy whose body is buried in the Philippine Islands.

Mr. McKELLAR. I have received hundreds of such letters, and my sympathy goes out to the mothers and fathers of those soldiers.

Mr. AIKEN. I think the appropriation should be made.

Mr. McKELLAR. The next item is for increased pay costs. I wish to call the attention of Senators to the fact that the House of Representatives referred to some other instrument for the exact amount of money. We are required to state the exact amount of money, and we have inserted the actual amounts, as will be seen, by striking out the language on pages 5, 6, and 7, under the heading "Increased pay costs" and inserting the various items, with the amount of the cost of each.

Mr. President, that concludes my explanation of the bill. I now ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be first considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Clerk will proceed to state the amendments of the committee.

The first amendment of the Committee on Appropriations was, at the top of page 2, to insert:

THE JUDICIARY

COURT OF CLAIMS

Printing and binding: For an additional amount for printing and binding, Court of Claims, fiscal year 1946, $12,000.

The amendment was agreed to.

The next amendment was, under the heading "Independent Executive Agencies," on page 2, after line 12, to insert:

OFFICE OF VOCATIONAL REHABILITATION

Payments to States: For an additional amount, fiscal year 1946, for "payments to States," including the objects specified for this purpose in the Federal Security Agency Appropriation Act, 1946, $3,435,000, of which not to exceed $5,000 shall be available for providing rehabilitation services to disabled residents of the District of Columbia under section 6 of the Vocational Rehabilitation Act.

The amendment was agreed to.

The next amendment was, under the subhead "Veterans' Administration," on page 3, after line 2, to insert:

Vocational rehabilitation revolving fund: To increase the "vocational rehabilitation revolving fund (act of March 24, 1943)", created by the Urgent Deficiency Appropriation Act, 1943, $1,000,000.

The amendment was agreed to.

The next amendment was, under the heading "Department of Agriculture", on page 3, after line 10, to insert:

LOANS, GRANTS, AND RURAL REHABILITATION

For funds in addition to funds authorized under this head in the Department of Agriculture Appropriation Act, 1946, and for the same objects and subject to the same conditions, the limitation of $67,500,000 in the authorization and direction to the Reconstruction Finance Corporation to make advances, contained under this head in said act, is hereby increased to $92,500,000: *Provided*, That $15,000,000 of the $25,000,000 increase herein provided shall be used for making loans to eligible veterans of World War II.

The amendment was agreed to.

The next amendment was, on page 3, after line 20, to insert:

NAVY DEPARTMENT

The appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1946, shall be available for expenses in connection with the transfer to the United States of foreign vessels, including pay, subsistence, clothing, transportation, and repatriation of alien crews.

The amendment was agreed to.

The next amendment was, under the heading "War Department—Civil functions", on page 4, after line 15, to insert:

QUARTERMASTER CORPS

Cemeterial expenses: For an additional amount for "Cemeterial expenses", fiscal year 1946, including the objects specified under this head in the War Department Civil Appropriation Act, 1946, and necessary expenditures in connection with the procurement of caskets, $3,000,000.

The amendment was agreed to.

The next amendment was, under the heading "Increased pay costs", on page 5, after line 7, to strike out:

For such sums as may be necessary, not to exceed the respective amounts named in House Document No. 437, Seventy-ninth Congress, for making payments during the fiscal year 1946 in consequence of the Federal Employees Pay Act of 1945 (Public Law 106), and of the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation; and for other purposes", approved July 6, 1945 (Public Law 134), from appropriations as follows:

National Archives: Salaries and expenses;
Railroad Retirement Board:
Salaries;
Miscellaneous expenses, other than salaries;
Smithsonian Institution:
Salaries and expenses;
Salaries and expenses, National Gallery of Art;
Department of Agriculture:
Bureau of Entomology and Plant Quarantine:
Insect investigations;
Insect and plant-disease control;
Foreign plant quarantines;
Department of Commerce:
Office of Administrator of Civil Aeronautics: Maintenance and operation of air-navigation facilities;
Weather Bureau: Salaries and expenses;
Post Office Department (out of the postal revenues):
Office of the First Assistant Postmaster General:
Compensation to postmasters;
Compensation to assistant postmasters;
Clerks, first- and second-class post offices;
Clerks, third-class post offices;
City delivery carriers;
Office of the Second Assistant Postmaster General:
Railway mail service;
Railway postal clerks, travel allowance;
Office of the Fourth Assistant Postmaster General:
Vehicle service;
Public buildings, maintenance and operation:
Operating force;
Treasury Department:
Custody of Treasury buildings: Salaries of operating force;
Bureau of Internal Revenue: Salaries and expenses;

Secret Service Division:
Salaries;
Suppressing counterfeiting and other crimes;
Salaries and expenses, guard force, Treasury buildings;
War Department—Civil functions:
Quartermaster Corps: Cemeterial expenses:
Provided, That the obligations incurred and expenditures made for such purposes under the authority of this act shall be charged to any appropriations therefor in the Second Deficiency Appropriation Act, 1946, when enacted: *Provided further*, That any restrictions heretofore made applicable to any of the foregoing appropriations, which limit the amounts which may be expended for personal services or for other purposes, or amounts which may be transferred between appropriations or authorizations, are hereby waived to the extent necessary to meet increased pay costs as provided for herein.

And in lieu thereof, to insert the following:

For additional amounts for appropriations for the fiscal year 1946, to meet increased pay costs authorized by the acts of June 30, 1945 (Public Law 106), and July 6, 1945 (Public Law 134), as follows:
For—
Architect of the Capitol:
"Legislative garage," $7,200;
Library buildings and grounds: "Salaries", $51,000;
Botanic Garden: "Salaries", $34,500;
Library of Congress:
"Salaries, Library, proper", $405,407;
Distribution of printed cards:
"Salaries and expenses", $54,200;
National Archives: "Salaries and expenses", $157,000;
Railroad Retirement Board:
"Salaries", $350,000;
"Miscellaneous expenses, other than salaries", $40,000;
Smithsonian Institution:
"Salaries and expenses", $238,500;
"Salaries and expenses, National Gallery of Art", $184,500;
Department of Agriculture:
Bureau of Entomology and Plant Quarantine:
"Insect investigations", $270,000;
"Insect and plant disease control", $317,000;
"Foreign plant quarantines", $240,000;
Department of Commerce:
Office of Administrator of Civil Aeronautics: "Maintenance and operation of air-navigation facilities", $4,165,000;
Weather Bureau: "Salaries and expenses", $2,590,000;
Post Office Department (out of the postal revenues):
Office of the First Assistant Postmaster General:
"Compensation to postmasters", $19,090,000;
"Compensation to assistant postmasters", $2,308,000;
"Clerks, first- and second-class post offices", $85,500,000;
"Clerks, third-class post offices", $5,595,000;
"City delivery carriers", $46,700,000;
Office of the Second Assistant Postmaster General:
"Railway mail service", $16,681,000;
"Railway postal clerks, travel allowance", $1,253,000;
Office of the Fourth Assistant Postmaster General:
"Vehicle service", $9,650,000;
Public buildings, maintenance and operation:
"Operating force", $7,500,000;
Treasury Department:
Custody of Treasury Buildings: "Salaries of operating force", $137,600;
Bureau of Internal Revenue: "Salaries and expenses", $24,000,000;
Secret Service Division:
"Salaries", $15,100;
"Suppressing counterfeiting and other crimes", $282,900;
"Salaries and expenses, guard force, Treasury buildings", $211,900;
War Department—Civil functions:
Quartermaster Corps: "Cemeterial expenses", $89,000;
In all, $228,117,807: *Provided*, That any restrictions heretofore made applicable to any of the foregoing appropriations, which limit the amounts which may be expended for personal services or for other purposes, or amounts which may be transferred between appropriations or authorizations, are hereby waived only to the extent necessary to meet increased pay costs as provided for herein.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendment and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 5671) was read the third time and passed.

Mr. McKELLAR. I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. BROOKS, Mr. BRIDGES, and Mr. GURNEY conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. BARKLEY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. McCARRAN, from the Committee on the Judiciary:
Hon. Brice Clagett, of Maryland, to be associate judge of the Municipal Court of Appeals for the District of Columbia, vice Nathan Cayton, elevated; and
Herbert W. Christenberry, of Louisiana, to be United States attorney for the eastern district of Louisiana.

By Mr. WALSH, from the Committee on Naval Affairs:
Brig. Gen. Samuel L. Howard to be a major general in the Marine Corps for temporary service from the 28th day of September 1942;
Sundry officers of the Naval Reserve to be assistant surgeons in the Navy with the rank of lieutenant (junior grade);
Sundry officers of the line of the Navy to be assistant civil engineers in the Navy with the rank of ensign; and
Sundry officers of the line of the Navy to be assistant paymasters in the Navy with the rank of ensign.

By Mr. THOMAS of Utah, from the Committee on Military Affairs:
Raymond V. Bowers, for appointment as Assistant Chief, Research and Statistics Division, national headquarters, Selective Service System, under the provisions of section 10 (a) (8) of the Selective Training and Service Act of 1940, as amended;
Sundry officers for appointment, by transfer, in the Regular Army of the United States; and
Sundry officers for promotion in the Regular Army of the United States.

By Mr. O'MAHONEY, from the Committee on Military Affairs:
Lt. Gen. Edmund B. Gregory to be War Assets Administrator.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:
Sundry postmasters.

The PRESIDENT pro tempore. If there be no further reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters be confirmed en bloc, and that the President be notified.

The PRESIDENT pro tempore. Without objection, the nominations of postmasters are confirmed en bloc, and, without objection, the President will be notified forthwith.

THE NAVY

The legislative clerk read the nomination of Arthur S. Carpenter to be vice admiral, for temporary service, to rank from April 3, 1945.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock and 55 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, March 20, 1946, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received March 19 (legislative day of March 5), 1946:

UNITED NATIONS COMMISSION ON ATOMIC ENERGY

Bernard M. Baruch, of New York, to be the representative of the United States of America on the United Nations Commission on Atomic Energy.

FOREIGN SERVICE

Cecil Wayne Gray, of Tennessee, for promotion in the foreign service of the United States of America, from foreign-service officer of class 2 to foreign-service officer of class 1.

DEPARTMENT OF THE INTERIOR

Oscar L. Chapman, of Colorado, to be Under Secretary of the Interior.

79TH CONGRESS
2D SESSION

H. R. 5671

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 1946

Ordered to be printed with the amendments of the Senate numbered

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, namely:

(1) *THE JUDICIARY*

COURT OF CLAIMS

Printing and binding: For an additional amount for printing and binding, Court of Claims, fiscal year 1946, $12,000.

1 fiscal year 1946, for "Foreign mail transportation", includ-
2 ing the objects specified under this head in the Post Office
3 Department Appropriation Act, 1946, $1,200,000, of which
4 amount the sum of $3,000 is hereby made available for the
5 establishment of an Office of Assistant Director, Division of
6 International Postal Service, with headquarters at New York,
7 New York, preparatory to the reestablishment of Sea
8 Post Service on July 1, 1946.

9 WAR DEPARTMENT—CIVIL FUNCTIONS

10 (6) *Quartermaster Corps*

11 *Cemeterial expenses: For an additional amount for*
12 *"Cemeterial expenses", fiscal year 1946, including the objects*
13 *specified under this head in the War Department Civil Appro-*
14 *priation Act, 1946, and necessary expenditures in connection*
15 *with the procurement of caskets, $3,000,000.*

16 Corps of Engineers

17 RIVERS AND HARBORS AND FLOOD CONTROL

18 The amount of $662,000 named in the proviso under
19 the head of "Rivers and harbors and flood control" in the
20 War Department Civil Appropriation Act, 1946, upon ex-
21 penditures for personal services in the Office of the Chief
22 of Engineers, is hereby increased to $850,000, such revised
23 amount to include the cost on account of such personal
24 services of the Federal Employees Pay Act of 1945 (Public
25 Law 106).

INCREASED PAY COSTS

(7) ~~For such sums as may be necessary, not to exceed the respective amounts named in House Document Numbered 437, Seventy-ninth Congress, for making payments during the fiscal year 1946 in consequence of the Federal Employees Pay Act of 1945 (Public Law 106), and of the Act entitled "An Act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation; and for other purposes", approved July 6, 1945 (Public Law 134), from appropriations as follows:~~

~~National Archives: Salaries and expenses;~~

~~Railroad Retirement Board:~~

~~Salaries;~~

~~Miscellaneous expenses, other than salaries;~~

~~Smithsonian Institution:~~

~~Salaries and expenses;~~

~~Salaries and expenses, National Gallery of Art;~~

~~Department of Agriculture:~~

~~Bureau of Entomology and Plant Quarantine:~~

~~Insect investigations;~~

~~Insect and plant disease control;~~

~~Foreign plant quarantines;~~

~~Department of Commerce:~~

~~Office of Administrator of Civil Aeronautics: Maintenance and operation of air-navigation facilities;~~

~~Weather Bureau: Salaries and expenses;~~

~~Post Office Department (out of the postal revenues):~~

~~Office of the First Assistant Postmaster General:~~

~~Compensation to postmasters;~~

~~Compensation to assistant postmasters;~~

~~Clerks, first- and second-class post offices;~~

~~Clerks, third-class post offices;~~

~~City delivery carriers;~~

~~Office of the Second Assistant Postmaster General:~~

~~Railway mail service;~~

~~Railway postal clerks, travel allowance;~~

~~Office of the Fourth Assistant Postmaster General:~~

~~Vehicle service;~~

~~Public buildings, maintenance and operation:~~

~~Operating force;~~

~~Treasury Department:~~

~~Custody of Treasury Buildings: Salaries of operating force;~~

~~Bureau of Internal Revenue: Salaries and expenses;~~

~~Secret Service Division:~~

~~Salaries;~~

~~Suppressing counterfeiting and other crimes;~~

~~Salaries and expenses, guard force, Treasury buildings;~~

~~War Department—Civil functions:~~

~~Quartermaster Corps: Cemeterial expenses:~~

~~*Provided,* That the obligations incurred and expenditures made for such purposes under the authority of this Act shall be charged to any appropriations therefor in the Second Deficiency Appropriation Act, 1946, when enacted: *Provided further,* That any restrictions heretofore made applicable to any of the foregoing appropriations, which limit the amounts which may be expended for personal services or for other purposes, or amounts which may be transferred between appropriations or authorizations, are hereby waived to the extent necessary to meet increased pay costs as provided for herein.~~

For additional amounts for appropriations for the fiscal year 1946, to meet increased pay costs authorized by the Acts of June 30, 1945 (Public Law 106), and July 6, 1945 (Public Law 134), as follows:

For—

Architect of the Capitol:

"Legislative Garage", $7,200;

Library Buildings and Grounds: "Salaries", $51,000;

Botanic Garden: "Salaries", $34,500;

1 *Library of Congress:*

2 *"Salaries, Library, proper", $405,407;*

3 *Distribution of printed cards:*

4 *"Salaries and expenses", $54,200;*

5 *National Archives: "Salaries and expenses", $157,000;*

6 *Railroad Retirement Board:*

7 *"Salaries", $350,000;*

8 *"Miscellaneous expenses, other than salaries",*

9 *$40,000;*

10 *Smithsonian Institution:*

11 *"Salaries and expenses", $238,500;*

12 *"Salaries and expenses, National Gallery of Art",*

13 *$184,500;*

14 *Department of Agriculture:*

15 *Bureau of Entomology and Plant Quarantine:*

16 *"Insect investigations", $270,000;*

17 *"Insect and plant disease control", $317,000;*

18 *"Foreign plant quarantines", $240,000;*

19 *Department of Commerce:*

20 *Office of Administrator of Civil Aeronautics:*

21 *"Maintenance and operation of air-navigation*

22 *facilities", $4,165,000;*

23 *Weather Bureau: "Salaries and expenses",*

24 *$2,590,000;*

25 *Post Office Department (out of the postal revenues):*

1 *Office of the First Assistant Postmaster General:*

2 *"Compensation to postmasters", $19,090,000;*

3 *"Compensation to assistant postmasters",*

4 *$2,308,000;*

5 *"Clerks, first- and second-class post offices",*

6 *$85,500,000;*

7 *"Clerks, third-class post offices", $5,595,000;*

8 *"City delivery carriers", $46,700,000;*

9 *Office of the Second Assistant Postmaster General:*

10 *"Railway mail service", $16,681,000;*

11 *"Railway postal clerks, travel allowance",*

12 *$1,253,000;*

13 *Office of the Fourth Assistant Postmaster General:*

14 *"Vehicle service", $9,650,000;*

15 *Public buildings, maintenance and operation:*

16 *"Operating force", $7,500,000;*

17 *Treasury Department:*

18 *Custody of Treasury Buildings: "Salaries of oper-*

19 *ating force", $137,600;*

20 *Bureau of Internal Revenue: "Salaries and ex-*

21 *penses", $24,000,000;*

22 *Secret Service Division:*

23 *"Salaries", $15,100;*

24 *"Suppressing counterfeiting and other crimes",*

25 *$282,900;*

1 *"Salaries and expenses, guard force, Treasury*
2 *buildings", $211,900;*
3 *War Department—Civil functions:*
4 *Quartermaster Corps: "Cemeterial expenses",*
5 *$89,000;*
6 *In all, $228,117,807: Provided, That any restrictions*
7 *heretofore made applicable to any of the foregoing appro-*
8 *priations, which limit the amounts which may be expended*
9 *for personal services or for other purposes, or amounts which*
10 *may be transferred between appropriations or authorizations,*
11 *are hereby waived only to the extent necessary to meet in-*
12 *creased pay costs as provided for herein.*

13 TITLE II—GENERAL PROVISIONS

14 SEC. 201. No part of any appropriation contained in
15 this Act shall be used to pay the salary or wages of any
16 person who advocates, or who is a member of an organiza-
17 tion that advocates the overthrow of the Government of the
18 United States by force or violence: *Provided,* That for the
19 purposes hereof an affidavit shall be considered prima facie
20 evidence that the person making the affidavit does not advo-
21 cate, and is not a member of an organization that advocates,
22 the overthrow of the Government of the United States by
23 force or violence: *Provided further,* That any person who
24 advocates, or who is a member of an organization that advo-
25 cates, the overthrow of the Government of the United States

1 by force or violence and accepts employment the salary or
2 wages for which are paid from any appropriation contained
3 in this Act shall be guilty of a felony and, upon conviction,
4 shall be fined not more than $1,000 or imprisoned for not
5 more than one year, or both: *Provided further,* That the
6 above penal clause shall be in addition to, and not in substi-
7 tution for, any other provision of existing law.

8 SEC. 202. This Act may be cited as the "Second Urgent
9 Deficiency Appropriation Act, 1946".

Passed the House of Representatives March 5, 1946.

Attest: SOUTH TRIMBLE,
Clerk.

Passed the Senate with amendments March 19 (legislative day, March 5), 1946.

Attest: LESLIE L. BIFFLE,
Secretary.

79TH CONGRESS
2D SESSION

H. R. 5671

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 1946

Ordered to be printed with the amendments of the Senate numbered

20

OFFICE OF BUDGET AND FINANCE 79th-2nd, No. 49
Legislative Reports and Service Section

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued March 21, 1946, for actions of Wednesday, March 20, 1946)

(For staff of the Department only)

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HIGHLIGHTS: House passed bill transferring Interior's fur-bearing animal research to this Department. House sent to conference 2nd urgent deficiency appropriation bill. Sen. Murray inserted Secretary Anderson's letter urging that the Pace bill to include farm labor in parity index not be made rider on minimum-wage bill. Rep. Brooks reviewed sugar situation and commended Secretary Anderson for his work.

HOUSE

1. FUR-BEARING ANIMAL RESEARCH. Passed with amendments H. R. 2115, to transfer to this Department Interior's fur-bearing animal research (pp. 2520-7).

2. SECOND URGENT DEFICIENCY APPROPRIATION BILL. Reps. Cannon, Ludlow, O'Neal, Rabaut, Johnson of Okla., Taber, Wigglesworth, and Dirksen were appointed conferees on this bill, H. R. 5671 (p. 2527). Senate conferees were appointed Mar. 19

3. SUGAR SHORTAGE. Rep. Brooks, La., discussed the sugar situation, gave reasons for the shortage, and commended Secretary Anderson for his work in this Department (pp. 2527-9).

4. LABOR STANDARDS. Rep. Horan, Wash., pointed out the problems of establishing minimum wage levels in agriculture and related industries and inserted a Yakima Valley Traffic and Credit Association letter urging that exceptions in the minimum-wage structure be made for the harvesting and packing of fresh fruits (pp. 2529-32).

5. RFC REPORTS. Received RFC reports for October, 1945, and for the period from Feb., 1932 to Sept., 1945 inclusive (p. 2532).

6. RESEARCH; RURAL REHABILITATION; FARM TENANCY. It is understood that the Military Affairs Committee has ordered reported without amendment S. 1850, to establish a National Science Foundation and that the Agriculture and Forestry Committee has ordered reported with amendment S. 1507, to provide basic legislation for the rural rehabilitation program and adapt the loan provisions of

the Bankhead-Jones Farm Tenant Act to the needs of veterans and low income farmers.

SENATE

7. LABOR STANDARDS; PARITY INDEX. Sen. Murray, Mont., inserted the Secretary's letter urging that the Pace bill to include farm labor in the parity index not be made a rider on the minimum wage bill (pp. 2512-3).

8. AGRICULTURAL APPROPRIATION BILL. Sen. Myers, Pa., submitted an amendment intended to be proposed by him to this bill, H. R. 5605. The amendment would increase the appropriation item, forest and range management investigations, by $75,000 (p. 2504).

9. NOMINATION. Confirmed the nomination of Gen. Edmund B. Gregory to be War Assets Administrator (p. 2514).

BILLS INTRODUCED

10. PHILIPPINE INDEPENDENCE. S. 1967 by Sen. Tydings, Md., and H.R. 5828 by Rep. Bell, Mo., to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands. To Territories and Insular Affairs Committees. (pp. 2504, 2532.)

11. RETIREMENT. H. R. 5831, by Rep. Miller, Calif., to include the heads of executive departments and independent agencies within the purview of the Civil Service Retirement Act, 1930. To Civil Service Committee. (p. 2532.)

12. BANKING AND CURRENCY. S. Res. 242, by Sen. Downey, Calif., to authorize the Banking and Currency Committee to investigate the circumstances under which Federal agencies may grant or decline banking charters, and to investigate the Federal banking laws (p. 2504.) To Banking and Currency Committee.

ITEMS IN APPENDIX

13. PRICE CONTROL. Sen. Wiley, Wis., inserted a Washington News article entitled "What's Wrong with OPA" (pp. A1593-4).

14. ST. LAWRENCE WATERWAY. Rep. Wasielewski, Wis., inserted a U. S. Maritime Commission letter favoring this project (pp. A1594-5).

15. MINIMUM WAGE. Rep. Hook, Mich., inserted a constituent's letter supporting the minimum wage bill (pp. A1603-4).

16. FOOD PRODUCTION. Rep. Vursell, Ill., inserted a National Farmers Guild letter pointing out the obstacles to full food production and a resolution favoring the discontinuance of price control (p. A1606).

17. FARM PROGRAM. Sen. Aiken, Vt., inserted the National Farmers Union statement outlining a national economic policy for agriculture (pp. A1611-3).

18. RECLAMATION; FLOOD CONTROL. Rep. Stewart, Okla., inserted an Atoka (Okla.) Lions' Club resolution opposing the building of the Boswell (Okla.) Dam under the present plan because it will inundate Red River Valley farm lands (pp. A1622-3).

not know why the door should be closed to them.

Mr. Chairman, I hope that my amendment will be agreed to.

Mr. GRANGER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Idaho.

Mr. Chairman, in the first place I doubt whether or not the amendment is germane because this bill deals exclusively with those animals that are now raised in captivity and those animals which are domesticated; furthermore, the language of this bill would take care of the situation that the gentleman from Idaho enumerates, in that it applies to fur-bearing animals in captivity. If, as the gentleman suggested, the time should come when beaver are raised in captivity they would come within the provisions of this bill.

Mr. Chairman, I hope the Committee will reject the amendment offered by the gentleman from Idaho.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho [Mr. WHITE].

The amendment was rejected.

The Clerk read as follows:

SEC. 2. (a) All the functions of the Secretary of the Interior and the Fish and Wildlife Service of the Department of the Interior, which affect the breeding, raising, producing, marketing, or any other phase of the production or distribution, of domestically raised fur-bearing animals, or products thereof, are hereby transferred to and vested in the Secretary of Agriculture.

(b) Appropriations and unexpended balances of appropriations, or parts thereof, which the Director of the Budget determines to be available for expenditure for the administration of any function transferred by this act, shall be available for expenditure for the continued administration of such function by the officer to whom such function is so transferred.

(c) All records and property (including office furniture and equipment) under the jurisdiction of the Secretary of the Interior and the Fish and Wildlife Service of the Department of the Interior used primarily in connection with the administration of functions transferred by this act are hereby transferred to the jurisdiction of the Secretary of Agriculture.

SEC. 3. This act shall take effect 60 days after the date of its enactment.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. COOPER] having assumed the Chair, Mr. OUTLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 2115) relating to the domestic raising of fur-bearing animals, pursuant to House Resolution 544, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

DEFICIENCY APPROPRIATION BILL, 1946

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. CANNON of Missouri, Mr. LUDLOW, Mr. O'NEAL, Mr. RABAUT, Mr. JOHNSON of Oklahoma, Mr. TABER, Mr. WIGGLESWORTH, and Mr. DIRKSEN.

EXTENSION OF REMARKS

Mr. DIRKSEN asked and was given permission to extend his remarks in the Appendix of the RECORD in two different instances.

Mr. RABAUT asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. LAFOLLETTE. Mr. Speaker, I ask unanimous consent that I may extend my remarks in the RECORD immediately following the address of the gentleman from Washington [Mr. HORAN], who has a special order this afternoon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HARRIS. Mr. Speaker, Maj. John R. Walsh, former Chief of the Intelligence Branch of the Persian Gulf Command of the United States Army, is writing a series of six articles, which are being carried in the Washington Post, on the disturbing situation in the Middle East. The first of these articles appeared in the Washington Post on March 17, entitled "Russian Aims in Middle East Are Revealed by Old Events." I think this historical background should be of very great interest to the people of this country, and I ask unanimous consent to extend my remarks in the RECORD and include this article.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

[The matter referred to appears in the Appendix.]

SPECIAL ORDER

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Louisiana [Mr. BROOKS] is recognized for 20 minutes.

THE SUGAR SITUATION

Mr. BROOKS. Mr. Speaker, a number of persons have spoken or written to me in reference to the shortage of sugar prevailing throughout the United States. I think perhaps I have been an object of special attention due to the fact that I am from Louisiana, a sugar-producing State. I do not, however, represent an area which grows sugarcane or produces beet sugar, but I have made, to some extent, a study of this situation. The statement I make today is in an effort to clear up the reasons for the shortage of this universal household commodity.

There are certain definite reasons for our shortage of sugar today, none of which is connected with Government operation. I believe that the Members of Congress and the people of the United States are entitled to know these reasons; and if you will give me your attention for a few minutes, I will quickly outline them and explain in detail as far as my time will allow.

In the first place, sugar could not suddenly become plentiful, like gasoline and steel, when the war ended. Peace brought no relief to this problem because the sugar backlog usually stored up in this country was all gone, sources of supply lost, and it takes months to plant and harvest the cane and beet crops. To increase processing facilities it takes even longer, especially with existing shortages of essential material.

Before the war, we consumed in the United States about 6,800,000 tons of sugar a year. That means a little more than 100 pounds per person per year. We obtained this sugar from the following sources of supply before the war:

	Tons
Cuba	1,950,000
United States beets	1,600,000
Philippine Islands	1,000,000
Hawaii	950,000
Puerto Rico	800,000
United States cane	450,000
Miscellaneous	50,000

Now what has happened to our sources of sugar? Where has it gone? Why are we short today? Here is the answer, briefly stated, so that everyone in the United States can fully understand:

In the first place, the Philippine supply of 1,000,000 tons was completely and suddenly shut off on Pearl Harbor day and we have had nothing since. Reports tell us that we can expect no sugar from the Philippines for another 2 years. Many of the mills are damaged or destroyed, no crops have been planted, and the outlook is very discouraging.

The next largest loss in our supplies came from beet production in our own country. This area normally produced about 23 percent of our prewar sugar consumption. During the war, sugar-beet growers were faced with a shortage of labor. It is well known that the sugar beet is one of the heaviest labor crops on the farm. Naturally, faced with a shortage of labor, the farmer preferred to plant crops where the labor requirement was less. Also, other foodstuffs were needed as well as sugar beets. Many farmers diverted beet acreage to other crops and it is difficult to say that they did not contribute just as much to the war effort by producing beans, potatoes, and so forth, as they would have had they produced sugar beets. In my sec-

tion, many farmers went into the cattle-raising business. The farmers lost a large proportion of their young men to the armed forces and others entered the war industries, such as shipyards, airplane factories, and others.

Puerto Rico suffered in 1943 and 1944 through a drought and our inability to ship fertilizer to the island in 1942 and 1943, due to a shortage of shipping. The 1946 Puerto Rican crop should be back to prewar levels or even better.

Hawaiian sugar producers had cane fields requisiitoned by the armed forces and converted into airports. Mechanized equipment was requisitioned. Labor was lost to the armed forces and to defense work in the islands. Despite this, their production dropped less than 15 percent from prewar levels.

Louisiana and Florida cane production has fluctuated at around or better than prewar volume. I am proud to say that the growers in these areas have made valiant efforts to increase production but have also been hindered by insufficient labor. The production in Louisiana has been increased, however, almost one-quarter, I am told, above prewar production.

Cuba has been our principal source of supply during the war and has been able to increase its production substantially. During the war years Cuba cooperated by selling its crop to us at reasonable prices. The 1945 crop outturned about three-quarters of a million tons less than had been expected, due to a hurricane and severe drought which reduced the crop. Although negotiations for the 1946 Cuban purchase have been more difficult, because of certain demands being made by Cuba as to its future share in the United States market, nevertheless, a contract is ultimately expected to be concluded. In the meanwhile, shipments of new-crop Cuban sugar are coming forward on an agreement, and the lack of a final contract is not affecting our supplies.

Although production in all areas during 1946 will substantially exceed the production of 1945, there will not be any more sugar actually available due to the fact that stocks in the United States and its supplying areas on January 1, 1946, were about 400,000 tons less than January 1, 1945. Stocks are now at a minimum and consumption must come from production.

Many remarks have been made on the floor of this House reecntly charging bungling and mismanagement by the Department of Agriculture of the sugar problem. It was recently stated that the Goverment price fixers have used the excuse in 1943 and 1944 that the dire shortage was due to lack of ships to bring sugar from Cuba and that this statement was not true. The statement is 100 percent correct as, during those years, there was always extra sugar available in Cuba but, due to severe losses in shipping tonnage by submarine activity and the requisitioning of further tonnage for military purposes, there were so few ships available to move sugar from Cuba that it was necessary to inaugurate a so-called ferry system of moving sugar from Habana by barges and tugs to Florida ports and the shipment of sugar from there by rail to United States consuming areas.

It has also been stated that millions of pounds of sugar went to waste in Cuba. This is also incorrect. No sugar went to waste in Cuba although it is true that during the years of shipping stringency a limited amount of blackstrap molasses had to be ditched as further storage space was not available. This product is a byproduct of sugar manufacture. It should be remembered that in that period tank steamers were at a premium and those available had to be used for the movement of petroleum products to our armed forces and our allies.

It has also been stated that there has been recent delay in shipment of sugar from Cuba due to the insistence by the Commodity Credit Corporation that it would pay only 3.10 cents per pound for 47,500 tons of 1946-crop sugar to be shipped as replacement of a similar quantity of 1945-crop sugar loaned by Commodity Credit Corporation to Cuba for local consumption needs. I am sure that no reasonable person would dispute the issue with Commodity Credit Corporation when it is known that the purchase price of sugar loaned to Cuba was 3.10 cents and that, certainly, the Cuban Government should return it at the same price despite the fact that the price for 1946 sugar is 3.675 cents per pound. There has been no disagreement with the Cuban Government on this point.

It has also been stated that Great Britain is offering Cuba 9 cents per pound for sugar, and that this act has some bearing on our difficulties with Cuba. The truth of the matter is that Great Britain has not offered any price to Cuba but will share in our purchase under the recommended allocations of the Combined Food Board, as has been the case in each of the war years.

Now, let me discuss the second large group of fundamental reasons for our sugar shortage. I refer to the great increase of nonfood uses of sugar. For the first itme in the history of our country sugar went to war for other purposes besides food.

These new nonfood uses made great inroads in our sugar supplies. From 1942 to 1945, inclusive, 1,600,000 tons of sugar were converted into an invert sirup to be used for the production of industrial alcohol for the rubber and explosives programs.

During the war all the sugar we could lay our hands on was subject to allocation by the Combined Food Board. This meant that we could not take for ourselves all the sugar that we could find. This Board allocated a fair percentage to our allies, especially Russia and England. Next, lend-lease got its share of the total and UNRRA now is being taken care of.

Our prewar average consumption in this country was about 100 pounds per person per year, but the armed forces jumped this to almost 150 pounds per soldier and sailor. With all of these situations developing, it is a wonder that our people were provided for as well as they were in regard to sugar. Again, let me call attention to the fact that the reasons I have given in the second group for our shortage of sugar were not caused by any of the agencies of Government.

There has been exceedingly close cooperation between most of the units of the sugar industry, including the Cuban Sugar Stabilization Institute, and the Department of Agriculture. I have mentioned the problems of the producing areas and I might add at this point that the cane-sugar refiners on the east, Gulf, and west coasts also suffered with labor problems and irregularities of ship arrivals as well as wartime regulations and handicaps, but, in spite of these handicaps, managed to handle the raw sugar supplies from offshore areas so as to assure a reasonably steady flow of refined sugar to the consumers of this country. At present, the amount of sugar available for consumers in the United States is less than 70 percent of their prewar use. We are now in the period of greatest crises in sugar supplies, but the prospects are for a gradual but steady improvement in the situation.

Naturally, there have been complaints about insufficient supplies of sugar, charges of mismanagement and bungling and, unquestionably, mistakes have been made; but where programs are so large, so complicated, and so difficult of administration, it is not strange that some mistakes have been made. The Department of Agriculture has had to face a most difficult job in trying to obtain by production and assembly the tremendous tonnage of sugar needed by our people. Perhaps no other work in the agricultural field has been as complicated and as difficult as has been this program; and we who sit here in this House of Representatives should know and understand some of the problems which vexed the Department of Agriculture in its long and hard struggle for badly needed sugar supplies.

I do not wish to conclude without saying a word on behalf of our good friend and former colleague, the Secretary of Agriculture, Clint Anderson. He is devoting himself to his duties as a member of the Cabinet with the same sincerity, diligence, and drive which was characteristic of his work here as a member of the House of Representatives. I have met him a number of times since he has become a member of the Cabinet; and I believe the country and this Congress appreciate the fact that he is setting a magnificent example of industry and sincerity in high Government position during this most critical period of reconversion.

Mr. DOMENGEAUX. Mr. Speaker, will the gentleman yield?

Mr. BROOKS. I yield to my distinguished colleague from Louisiana.

Mr. DOMENGEAUX. Notwithstanding these various severe handicaps the farmers of the country were faced with, I think the gentleman would like to know that Louisiana increased its prewar production of sugar over 25 percent during the war period.

Mr. BROOKS. I think the gentleman from Louisiana will fully agree with me that they are entitled to the applause and commendation of the country for the magnificent effort they made in spite of these handicaps.

Mr. PRIEST. Mr. Speaker, will the gentleman yield?

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-2nd, No. 50

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

(Issued March 22, 1946, for actions of Thursday, March 21, 1946)

(For staff of the Department only)

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HIGHLIGHTS: House passed bill to slow up disposition of rural rehabilitation projects. Both Houses agreed to conference report on second urgent deficiency appropriation bill. Both Houses agreed to conference report on independent offices appropriation bill. Senate Committee reported Bankhead bill to authorize rural-rehabilitation program and amend Bankhead-Jones Farm Tenant Act. Rep. Vursell criticized Secretary Anderson's statement opposing Pace bill. House program for next week includes a new deficiency bill and Philippine trade bill.

HOUSE

1. RURAL REHABILITATION. Passed with amendments H. R. 2501, which directs the partial suspension, for not over 3 years from termination of the war, of the requirement in the current Agricultural Appropriation Act to liquidate as expeditiously as possible resettlement projects and rural-rehabilitation projects for resettlement purposes, in order to permit development and sale of the property to veterans without precluding equitable treatment of present project occupants (pp. 2571-89).

Agreed to the following amendments, in addition to the committee amendments included in the bill as reported:

By Rep. Tarver, Ga., to require disposition of the lands involved as soon as possible within the limits set by the bill (pp. 2584-5).

By Rep. Flannagan, Va., to authorize appropriations specifically for "without limitation, the maintenance and operation of the project properties" (p. 2585).

By Rep. Flannagan, prohibiting expenditures for improvement of any farming unit "in excess of one-third of the earning capacity value"(p. 2585).

By Rep. Allen, La., to give existing occupants preference to purchase farming units only if they have existing contracts to purchase (p. 2585).

By Rep. E. A. Hall, to limit to 640 acres units to be sold in any one sale (p. 2586).

By Rep. Gossett, Tex., to provide that any conveyance by the Government of title to land under this bill shall convey all right, title, and interest in the land, including mineral rights (p. 2586).

By Rep. Case, S. Dak., to include under the bill lands in the water-conservation and utility projects (p. 2588).

Rejected an amendment by Rep. Fernandez, N. Mex., to permit the Department

to administer and utilize for 3 years certain lands in N. Mex. which are not suitable for disposition as economic farm units; by a 31-51 vote (pp. 2586-8).

2. SECOND URGENT DEFICIENCY APPROPRIATION BILL. Both Houses received and agreed to the conference report on this bill, H. R. 5671 (pp. 2570-1, 2541). The bill will now be sent to the President. The conferees provided for an increase of $15,000,000 (rather than $25,000,000, as proposed by the Senate) in the RFC loan authorization for rural-rehabilitation loans. They struck out the legislative provision for veterans' preference in the making of such loans but inserted the following statement in the statement of conferees: "It is the sense of the committee of conference that applications for loans of eligible veterans of World War II should have priority in making loans pursuant to this additional authorization." The bill also includes $3,350,000 additional for fighting forest fires and additional funds for E&PQ personnel costs (with the specific amounts proposed by the Senate rather than the indefinite amount proposed by the House).

3. INDEPENDENT OFFICES APPROPRIATION BILL. Both Houses agreed to the conference report on this bill (pp. 2565-6, 2551-2). Both Houses agreed to a modification of the amendment regarding the emergency fund for the President so that either, rather than both, of the two Houses or the two Appropriations Committees could keep money from being expended from this appropriation by rejecting legislative proposals for the same projects (pp. 2552, 2566-9). This bill will now be sent to the President.

4. PATENTS. The Patents Committee submitted a supplemental report on H. R. 3756, to require the recording of agreements regarding patents (H. Rept. 932, pt. 2)(p. 2590).

5. DAYLIGHT-SAVING TIME. Several members discussed the proposal for daylight-saving time and its effect on farmers (pp. 2563-4).

6. HOUSING; LUMBER EXPORTS. Received a Central Council, American War Dads resolution favoring an embargo on lumber exports during the housing shortage (p. 2590).

7. ADJOURNED until Mon., Mar. 25 (p. 2589). Next week's program, as announced by Majority Leader McCormack: Mon., omnibus claims bill; Tues. and Wed., second deficiency bill; Thurs. and Fri., Philippine trade bill (pp. 2569-70). No mention was made of the Cooley bill.

8. PRICE CONTROL. In its recent report (see Digest 49) the House Committee on Post-War Economic Policy and Planning recommends various amendments to the Price Control Act "to minimize inequities, stimulate production, insure removal of controls immediately upon substantial lessening of the threat of serious inflation, and improve the production and distribution of essential 'low end' products."

SENATE

9. RURAL REHABILITATION; FARM TENANCY. The Agriculture and Forestry Committee reported without amendment S. 1507, to provide basic legislation for the rural-rehabilitation program and adapt the loan provisions of the Bankhead-Jones Farm Tenant Act to the needs of veterans and low-income farmers (S. Rept. 1073)(p. 2534). See Digest 186 (1945) for detailed summary of provisions.

10. FUR-BEARING ANIMAL RESEARCH. Placed on the calendar H. R. 2115, to transfer to this Department Interior's fur-bearing animal research (p. 2534).

way in 1938, manufacturers and trade unions are leading the way now in 1946.

I also want to emphasize the fact that a 65-cent minimum will not represent a generous gift from the American Congress to the low-paid workers. It is one necessary step to protect our national economy. Soon after VJ-day, it became apparent that our veterans and war workers were not going back to their old jobs in textile, lumber, and other low-paying industries at 50 or 55 cents an hour and, production in these industries instead of attaining the much hoped for increase, actually continued to decline. The cotton-textile industry recognized that low wages in the industry were the greatest single barrier to increased textile production and the majority of the producers in the industry have already taken steps to rectify this situation. The cotton-textile mills have discovered that they can recruit adequate labor forces with a 65-cent minimum, and generally where this rate has been adopted, employment has increased. As a result of recruiting this additional labor, the turning point in textiles has been reached and from the low point of October and November 1945, when we were producing cotton textiles at a rate of some 8,600,000,000 yards a year, production has risen to a current rate of 9,400,000,000 yards, a remarkable showing for such a short period of time. Veterans are now going back to the textile mills. With rates at the higher figure, these men are now enlisting to produce much needed cotton goods.

Let me make one more point in reply to the minority report. Contrary to its assumption that most workers receiving low wages are young single workers without dependents, scientific surveys have shown that the majority of workers at minimum rate jobs have family responsibilities. Moreover, in many instances, workers at the lower-rated jobs support larger than average families. We must, therefore, take account of these realities in establishing an appropriate minimum-wage level.

In conclusion, I should like to emphasize that the pending bill will not raise as large a proportion of workers in manufacturing industries as did the Fair Labor Standards Act of 1938. By confirming in law the minimum wage which free collective bargaining has already established in many low-wage industries, the proposed bill will protect the unorganized worker and the fair employer and thereby protect our national economy as a whole. I therefore urge my colleagues in the Senate to support the 65-cent minimum wage provided in this bill as a moderate step in the right direction.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Swanson, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

SECOND URGENT DEFICIENCY APPROPRIATIONS ACT, 1946—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 6, and 7; and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"LOANS, GRANTS, AND RURAL REHABILITATION

"For funds in addition to funds authorized under this head in the Department of Agriculture Appropriation Act, 1946, and for the same objects and subject to the same conditions, the limitation of $67,500,000 in the authorization and direction to the Reconstruction Finance Corporation to make advances, contained under this head in said Act, is hereby increased to $82,500,000."

And the Senate agree to the same.

KENNETH McKELLAR,
CARL HAYDEN,
RICHARD B. RUSSELL,
STYLES BRIDGES,
CHAN GURNEY,
Managers on the Part of the Senate.

CLARENCE CANNON,
LOUIS LUDLOW,
EMMET O'NEAL,
LOUIS C. RABAUT,
JED JOHNSON,
JOHN TABER,
R. B. WIGGLESWORTH,
EVERETT M. DIRKSEN,
Managers on the Part of the House.

The report was agreed to.

AMENDMENT TO FAIR LABOR STANDARDS ACT

The Senate resumed consideration of the bill (S. 1349) to provide for the amendment of the Fair Labor Standards Act of 1938, and for other purposes.

Mr. MORSE obtained the floor.

Mr. WHITE. Mr. President, will the Senator from Oregon yield to me for the purpose of suggesting the absence of a quorum?

The PRESIDING OFFICER (Mr. HUFFMAN in the chair). Does the Senator from Oregon yield to the Senator from Maine for the purpose of suggesting the absence of a quorum?

Mr. MORSE. I wonder if the minority leader will withhold his suggestion for a comment?

Mr. WHITE. Certainly.

Mr. MORSE. I appreciate the courtesy implied in the desire of the Senator from Maine to suggest the absence of a quorum; but in view of the fact that I understand that no vote on any phase of the bill now pending before the Senate will be taken this week, I should prefer not to have a quorum call for the purpose of bringing Senators into the Chamber to hear any remarks which I may make. Members of the Senate will have ample opportunity, if they wish to do so, to read my remarks in the RECORD. No doubt many of them are attending important committee meetings this afternoon, or have other important business to transact. Therefore I would rather not have them disturbed in order to hear my remarks.

Mr. WHITE. Mr. President, I withdraw my suggestion of the absence of a quorum.

Mr. MORSE. Mr. President, I wish to speak briefly this afternoon on certain aspects of the pending minimum wage bill. At a later time in the debate I hope to speak at greater length, because it will be my endeavor to answer some of the arguments which the opponents of the bill will make, after they have put in their case in chief, so to speak. However, I believe that there is certain foundation material which ought to be made a part of the RECORD at this time for the consideration of the Senate and of the country.

By way of introduction, Mr. President, I should like to say that last Sunday I heard what I consider to be a great sermon. It was delivered by Rev. Alfred W. Hurst, in the Cleveland Park Congregational Church in this city. the topic of the sermon was, "Give us this day our daily bread." It was a very interesting analysis of that part of the Lord's Prayer—"Give us this day our daily bread." It discussed the economic aspects of Christianity. The sermon stressed the relation of economic justice to Christian living.

It seems to me that in American politics too frequently there is much reference to great Christian principles and not enough practice of those principles. Businessmen as well as politicians are too frequently willing to profit from religious forms and associations but keep in watertight compartments their economic practices separated from their professed religious convictions. That remark is probably also apropos to us as a Nation and as a people. Too many in all walks of life live their Christianity on Sunday and then do business as usual the other 6 days of the week. There are millions of underpaid Americans who are most deserving of a greater practice of some of the fundamental principles of Christianity applied to the economic life of this Nation. There are millions who believe that our system of free enterprise can be reconciled in practice with the concepts of the Lord's Prayer and the other principles of Christianity. They are crying out to a free-enterprise system in this country today "Give us our daily bread"—not for nothing, but in payment for service rendered. When we consider the low-paid workers of America, I think, if we are to be honest and true to our own principles, we must recognize that large segments of the American economy do not live up to the Christian concept "Give us this day our daily bread"—for service rendered.

Let us not mince words. The establishment in this country of decent minimum social and economic standards must be made a political issue in the decade ahead if we are to promote the great-

est good for the greatest number of our people. So I would say to the two great political parties of America that the voters have a right to know, and I believe they will exercise the vigilance to take note, where the politicians in the Congress of the United States stand on the great piece of social legislation which is now pending before the Senate.

I read in the newspapers—and all I know about it is what I read in the newspapers—that there is a feeling among some leaders in the Senate that because of the opposition in certain quarters to the legislation now pending, perhaps this bill should be put aside for now. I understand that it has been suggested that possibly we should not take action on it until the beginning of the next session of Congress. I wish to register today my protest against any such strategy, even if it is in the budding. I believe that we have before us a bill which is vital to the welfare of the free-enterprise system of this country. A measure on which the Members of this body should be required to vote before the elections next fall. The people of the United States have the right to know where Members of Congress stand on minimum wage standards. So I shall do all within my individual power to secure a vote on this bill before the voters vote in the first elections a few weeks hence. Let us see whether a majority of this body wants to vote for legislation which will come somewhere near giving to the millions of underpaid workers their daily bread, in accordance with the conception of Christianity which the Master Himself set forth in the prayer which He taught us to say.

Let me say one further word with a political connotation, Mr. President, to my party. I happen to be one who believes that liberalism and reactionism can be defined only in terms of specific issues. But give him a set of specific issues and the voter will not err in determining who is the liberal and who is the reactionary, as adjudged by their votes in the Senate on such issues. According to my sights and beliefs, the bill which now proposes to establish a 65-cent minimum wage is one test of liberalism in American politics, and I want to see the members of my party here in the Senate stand up and be counted on it.

When the Fair Labor Standards Act was passed in 1938 Congress took a great step forward toward assuring a minimum decent American standard of living for all our people. It was a very important step toward reducing the black shadows of industrial life—the sweatshops, the slums, the squalor and misery of entire families condemned to eke out an existence in poverty and want. The step of first establishing a 25-cent minimum and later working toward a 40-cent rate now seems far in the distant past; but in terms of dates it was not long ago. Back in 1938 it marked very real progress and seemed as great a step as could be taken at that time, since the average wages in whole establishments in some industries were substantially below the 25-cent minimum which later became the law. Just think of that, Mr. President—that as recently as 1938 there were in this country great establishments of industry in which the average wage was below 25 cents an hour. Yet we talk about the "American way" and the great virtues of the American economic system. It has great virtues, but they have not been tapped yet, Mr. President, in comparison with their potentialities. No adequate defense could be made of a 25-cent minimum wage.

Finally this Government, and rightly so—and I digress for a moment, Mr. President, to press this point upon the consideration of this body—finally this Government, through its elected representatives, established the fair minimum wage law, starting at 25 cents an hour in 1938. The question is frequently raised, What is the Government's interest in wages? Why should a government set itself up to tell to American employers what minimum wages they should pay? Mr. President, in my judgment, it goes to a very basic concept of democratic government. As I see it—and this is basic in my political philosophy—it is the duty and obligation of a representative government to see to it that minimum economic and social standards are established and maintained so as to protect the economic weak from the economic strong. I think that under our form of government that is an obligation of government—not to go above what sound judgments can agree are minimum standards, but to fix minimum social and economic standards which will protect the economic weak from the economic strong.

Why do I think that is an essential obligation of government? I think it is because, fortunately, in this country we have not only a political democracy but a capitalistic economy. I think one is dependent upon the other; I think it is impossible to have one without having both; because, as I have said heretofore on the floor of the Senate, if we do not have political democracy we cannot have a capitalistic economy, and if we do not have a capitalistic economy we cannot have political democracy. If we do not have both of those concepts hitched together, the type of economy we will have is an economic statism. Under that form of economy, of course, the Government does not become the servant of the people, but its master; and that is true whether it takes a trend toward fascism or communism. Hence, as a liberal in relation to issues such as the one before us, I say we must maintain our capitalistic system based upon the profit motive, but we must recognize that, of course, the Government has the direct responsibility, in relation to that economy, of seeing to it that potential abuses of it do not permit of the exploitation of the economic weak by the economic strong. Under a competitive economy, that trend, as history has shown over and over again, always occurs in an unchecked capitalistic economy which lives, of course, upon the profit motive and which is motivated by competitive factors and forces.

Therefore, it is the duty of our Government to prevent the treatment of workers as simply a commodity within the capitalistic order, as was the case in the early history of our economy, and when the doctrine of laissez-faire predominated in the United States. We have to go back only 25 or 30 years to find prevailing the conditions whereof I speak, when not only 12 hours of labor a day but in some instances more than 12 hours a day were required of workers. When Members of this body pleaded, not so many years ago, for an 8-hour day, all the typical harangues were applied against that, too; namely, that they were impossible hours, and that the proposal was socialistic. Those were the arguments which were made in those days. But those great liberal leaders recognized in principle the doctrine for which I raise my voice in plea today, namely, that the very existence of the capitalistic system itself depends upon the assumption by democratic government of the obligation of protecting the economic weak from the economic strong by establishing minimum standards which will prohibit and prevent the exploitation of workers in low-paid positions.

As a friend of the American businessman, I say now, as I have said to many of them in conventions assembled, that if we left entirely to the American businessman the right and power and privilege of hiring and firing as he chose, and of paying such wages as he elected to pay, the inevitable result would be the exploitation of human beings. That is why I say, Mr. President, that there rests on a democratic government the obligation of protecting the general welfare of the people as a whole; and, as Lincoln pointed out, our type of free government has the obligation of seeing to it that the greatest good for the greatest number is promoted by government. In my judgment, Mr. President, the survival of democratic government is dependent upon its service to all the people in the interest of the general welfare of all the people rather than to provide a privileged economic few with the license to exploit the many.

My point of view in regard to this type of legislation is equally applicable to other types of social legislation; and stemming from the same basic political philosophy came my opposition to those who do not believe, for example, Mr. President, that we should set up in this country an FEPC. There, too, I feel that there is the obligation of government to maintain minimum standards of protection for the more unfortunate in our Nation.

So, with that as a basic political premise, I make a plea this afternoon for the establishment of a 65-cent minimum wage because, in my judgment, we cannot adequately protect the economic weak from the economic strong with a minimum fixed at a lower point.

I venture to assert, Mr. President, that no one who supported the Fair Labor Standards Act when it was enacted in 1938 believed that the 40-cent-an-hour minimum represented the ultimate goal, or that it would provide even a minimum standard of living for an American family except in rare instances. On the contrary, voices were raised in both the House of Representatives and in the Senate to express the view that the minima contemplated in the act were only beginnings. The debates of the

The yeas and nays were ordered.

The question was taken; and there were—yeas 181, nays 140, not voting 110, as follows:

[Roll No. 62]

YEAS—181

Abernethy
Allen, La.
Almond
Andrews, Ala.
Baldwin, Md.
Barden
Barrett, Pa.
Barry
Bates, Ky.
Beckworth
Bell
Biemiller
Bland
Boykin
Bradley, Pa.
Brehm
Brooks
Brown, Ga.
Bryson
Bulwinkle
Bunker
Burch
Burgin
Camp
Cannon, Fla.
Cannon, Mo.
Chelf
Clark
Clements
Cochran
Combs
Cooley
Cooper
Cox
Cravens
Crosser
Curley
D'Alesandro
Daughton, Va.
Davis
Delaney, James J.
Delaney, John J.
Domengeaux
Doughton, N. C.
Douglas, Calif.
Doyle
Durham
Earthman
Eberharter
Elliott
Ervin
Fallon
Feighan
Fernandez
Flannagan
Fogarty
Folger
Gallagher
Gardner
Gary
Gordon
Gorski
Gossett
Granahan
Granger
Grant, Ala.
Hare
Harless, Ariz.
Harris
Hart
Havenner
Hays
Healy
Hedrick
Hendricks
Hobbs
Hoch
Holifield
Hook
Huber
Izac
Jarman
Johnson, Calif.
Johnson, Lyndon B.
Johnson, Okla.
Kee
Kefauver
Kerr
Kilday
King
Kirwan
Klein
Kopplemann
La Follette
Lane
Lanham
Larcade
Lea
Link
Ludlow
Lyle
McCormack
McDonough
McGehee
McGlinchey
Madden
Mahon
Maloney
Manasco
Mankin
Mansfield, Mont.
Mansfield, Tex.
Marcantonio
May
Miller, Calif.
Mills
Morgan
Morrison
Murdock
Murray, Tenn.
Neely
Norrell
O'Brien, Ill.
O'Brien, Mich.
O'Neal
O'Toole
Outland
Pace
Patrick
Pickett
Poage
Powell
Price, Ill.
Priest
Rabaut
Randolph
Rankin
Resa
Richards
Riley
Rivers
Robertson, Va.
Robinson, Utah
Roe, Md.
Rogers, Fla.
Rogers, N. Y.
Rooney
Rowan
Russell
Sabath
Sadowski
Sasscer
Sheppard
Smith, Va.
Somers, N. Y.
Spence
Starkey
Stewart
Stigler
Sullivan
Sumners, Tex.
Tarver
Thom
Thomas, Tex.
Thomason
Tolan
Traynor
Trimble
Vinson
Voorhis, Calif.
Weaver
Welch
West
White
Whittington
Wickersham
Winstead
Wolverton, N. J.
Wood
Woodhouse
Worley

NAYS—140

Adams
Allen, Ill.
Andersen, H. Carl
Anderson, Calif.
Andresen, August H.
Andrews, N. Y.
Angell
Arends
Arnold
Barrett, Wyo.
Bates, Mass.
Beall
Bennet, N. Y.
Bennett, Mo.
Bishop
Blackney
Bradley, Mich.
Brown, Ohio
Brumbaugh
Buck
Butler
Byrnes, Wis.
Campbell
Canfield
Carlson
Case, N. J.
Case, S. Dak.
Chenoweth
Chiperfield
Church
Clason
Clevenger
Cole, Kans.
Cole, Mo.
Corbett
Curtis
D'Ewart
Dirksen
Dolliver
Dworshak
Ellis
Ellsworth
Elsaesser
Elston
Engel, Mich.
Fenton
Fulton
Gavin
Gearhart
Gifford
Gillespie
Goodwin
Graham
Grant, Ind.
Griffiths
Gross
Gwynne, Iowa
Hagen
Hale
Hall, Edwin Arthur
Hand
Harness, Ind.
Henry
Herter
Heselton
Hess
Hill
Hoeven
Holmes, Wash.
Hope
Horan
Hull
Jenkins
Jennings
Johnson, Ill.
Johnson, Ind.
Jonkman
Judd
Kean
Kearney
Keefe
Kilburn
Kinzer
Knutson
Kunkel
Landis
LeCompte
LeFevre
Lewis
Luce
McConnell
McCowen
McGregor
McMillen, Ill.
Martin, Iowa
Martin, Mass.
Mathews
Merrow
Michener
Miller, Nebr.
Mundt
Murray, Wis.
O'Hara
O'Konski
Pittenger
Plumley
Ramey
Reece, Tenn.
Reed, Ill.
Rees, Kans.
Rich
Robsion, Ky.
Rockwell
Rodgers, Pa.
Rogers, Mass.
Schwabe, Okla.
Scrivner
Sharp
Smith, Wis.
Springer
Stevenson
Stockman
Sumner, Ill.
Sundstrom
Taber
Talbot
Talle
Taylor
Thomas, N. J.
Tibbott
Towe
Vorys, Ohio
Vurseli
Weichel
Wigglesworth
Wilson
Winter
Wolcott
Wolfenden, Pa.
Woodruff

NOT VOTING—110

Auchincloss
Bailey
Baldwin, N. Y.
Bender
Bloom
Bolton
Bonner
Boren
Buckley
Buffett
Byrne, N. Y.
Carnahan
Celler
Chapman
Clippinger
Coffee
Cole, N. Y.
Colmer
Courtney
Crawford
Cunningham
Dawson
De Lacy
Dingell
Dondero
Douglas, Ill.
Drewry
Eaton
Engle, Calif.
Fellows
Fisher
Flood
Forand
Fuller
Gamble
Gathings
Geelan
Gerlach
Gibson
Gillette
Gillie
Gore
Green
Gregory
Gwinn, N. Y.
Hall, Leonard W.
Halleck
Hancock
Hartley
Hébert
Heffernan
Hinshaw
Hoffman
Holmes, Mass.
Howell
Jackson
Jensen
Johnson, Luther A.
Jones
Kelley, Pa.
Kelly, Ill.
Keogh
Latham
Lemke
Lesinski
Lynch
McKenzie
McMillan, S. C.
Mason
Monroney
Murphy
Norblad
Norton
Patman
Patterson
Peterson, Fla.
Peterson, Ga.
Pfeifer
Philbin
Phillips
Ploeser
Price, Fla.
Quinn, N. Y.
Rabin
Rains
Rayfiel
Reed, N. Y.
Rizley
Robertson, N. Dak.
Roe, N. Y.
Ryter
Savage
Schwabe, Mo.
Shafer
Sheridan
Short
Sikes
Simpson, Ill.
Simpson, Pa.
Slaughter
Smith, Maine
Smith, Ohio
Sparkman
Stefan
Torrens
Wadsworth
Walter
Wasielewski
Whitten
Zimmerman

So the motion to recede was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Patterson for, with Mr. Ploeser against.
Mr. Heffernan for, with Mr. Bender against.
Mr. Dingell for, with Mr. Gillie against.
Mr. Sheridan for, with Mr. Dondero against.
Mrs. Douglas of Illinois for, with Mr. Simpson of Pennsylvania against.
Mr. Courtney for, with Mr. Fuller against.
Mr. Gore for, with Mr. Stefan against.
Mr. Carnahan for, with Mr. Buffett against.
Mr. Pfeifer for, with Mr. Cole of New York against.
Mr. Bonner for, with Mr. Cunningham against.
Mr. Sparkman for, with Mr. Short against.
Mr. Kelley of Pennsylvania for, with Mr. Reed of New York against.
Mrs. Norton for, with Mr. Shafer against.
Mr. Rayfiel for, with Mr. Latham against.
Mr. Keogh for, with Mr. Schwabe of Missouri against.
Mr. Byrne of New York for, with Mr. Crawford against.
Mr. Colmer for, with Mr. Fellows against.
Mr. Roe of New York for, with Mr. Halleck against.
Mr. Green for, with Mr. Jensen against.
Mr. Lesinski for, with Mr. Hoffman against.
Mr. Monroney for, with Mr. Jones against.
Mr. De Lacy for, with Mr. Howell against.
Mr. Patman for, with Mr. Gillette against.

General pairs until further notice:

Mr. Coffee with Mr. Holmes of Massachusetts
Mr. Drewry with Mr. Gamble.
Mr. Quinn of New York with Mr. Hartley.
Mr. Price of Florida with Mr. Eaton.
Mr. Bailey with Mr. Gwinn of New York.
Mr. Peterson of Georgia with Mr. Mason.
Mr. Buckley with Mr. Rizley.
Mr. Whitten with Mr. Simpson of Illinois.
Mr. Slaughter with Mr. Wadsworth.
Mr. Torrens with Mrs. Smith of Maine.

The result of the vote was announced as above recorded.

PROGRAM FOR NEXT WEEK

Mr. HENRICKS. Mr. Speaker, does the gentleman from Massachusetts [Mr. MARTIN] wish recognition?

Mr. MARTIN of Massachusetts. Yes; if I might have a couple of minutes.

Mr. HENDRICKS. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. I thank the gentleman for the time and take advantage of it to inquire of the majority leader as to the program for next week.

Mr. McCORMACK. If we dispose of these two conference reports today and the Hays bill there is no legislative program for tomorrow, and if there is no objection I shall then ask that we adjourn from today until next Monday.

Monday next is District day, but I understand that committee has no bills to be considered.

H. R. 3068, an omnibus claims bill out of the Claims Committee, for which unanimous consent to consider on Monday has already been secured, will be brought up at that time. There are several private bills in that omnibus measure.

On Tuesday and Wednesday we will consider a joint resolution on veterans' housing, which carries an appropriation of approximately $250,000,000, following the Second Emergency Housing bill.

Mr. MARTIN of Massachusetts. That is to take care of the so-called Lanham bill?

Mr. McCORMACK. Yes.

On Tuesday and Wednesday we will also take up consideration of a second deficiency bill for 1946.

On Thursday and Friday a Philippine trade act of 1946 bill will be considered. I understand the Ways and Means Committee has agreed to report this bill. The members of that committee are now in the process of writing a report. I have spoken with the chairman of that committee, the distinguished gentleman from North Carolina [Mr. DOUGHTON], and we have reached an agreement that we will consider that bill on Thursday and Friday.

That is the program for next week with the exception, of course, conference reports may be brought up at any time.

Mr. MARTIN of Massachusetts. Will Thursday be devoted to general debate?

Mr. McCORMACK. I cannot answer that question specifically.

Mr. MARTIN of Massachusetts. I understand that bill will take 2 days.

Mr. COOPER. Mr. Speaker, of course a rule has not yet been granted. My understanding is application for a rule will be made on Monday. Obviously it is impossible to tell definitely at this time, but, personally, I would think that the first day should be used in general debate and the second day in the reading of the bill. We cannot tell until a rule is granted.

Mr. McCORMACK. If necessary we can meet at 11 o'clock.

Mr. MARTIN of Massachusetts. I thank the gentleman.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

INDEPENDENT OFFICES APPROPRIATION BILL, 1947

Mr. HENDRICKS. Mr. Speaker, I move the previous question on the motion to concur in the Senate amendment with an amendment.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Florida.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 18: Page 15, line 8, insert the following:

"The Federal Works Administrator is authorized to accept payment, at par and accrued interest, of any obligations, held by him, of States or other public bodies or nonprofit corporations, notwithstanding the maturity dates or any premiums for the redemption thereof."

Mr. HENDRICKS. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. WIGGLESWORTH asked and was given permission to revise and extend the remarks previously made and include a table.

URGENT DEFICIENCY APPROPRIATION BILL, 1946

Mr. CANNON of Missouri submitted the following conference report and statement on the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5671) "making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 6, and 7, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"LOANS, GRANTS, AND RURAL REHABILITATION

"For funds in addition to funds authorized under this head in the Department of Agriculture Appropriation Act, 1946, and for the same objects and subject to the same conditions, the limitation of $67,500,000 in the authorization and direction to the Reconstruction Finance Corporation to make advances, contained under this head in said Act, is hereby increased to $82,500,000."

And the Senate agree to the same.

CLARENCE CANNON,
LOUIS LUDLOW,
EMMET O'NEAL,
LOUIS C. RABAUT,
JED JOHNSON,
JOHN TABER,
R. B. WIGGLESWORTH,
EVERETT M. DIRKSEN,
Managers on the Part of the House.

KENNETH McKELLAR,
CARL HAYDEN,
RICHARD B. RUSSELL,
STYLES BRIDGES,
CHAN GURNEY,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendment No. 1, relating to the Court of Claims: Appropriates an additional amount of $12,000, fiscal year 1946, for printing and binding, as proposed by the Senate.

Amendment No. 2, relating to the Office of Vocational Rehabilitation, Federal Security Agency: Appropriates an additional amount of $3,435,000, fiscal year 1946, for the Federal share of costs of State vocational rehabilitation programs, as proposed by the Senate.

Amendment No. 3, relating to the Veterans' Administration: Appropriates an additional amount of $1,000,000 for increasing the vocational rehabilitation revolving fund from $500,000, as proposed by the Senate.

Amendment No. 4, relating to loans, grants, and Rural Rehabilitation, Department of Agriculture: Increases the existing limitation of $67,500,000 upon rehabilitation loans to needy individual farmers by the Reconstruction Finance Corporation by $15,000,000, instead of by $25,000,000, as proposed by the Senate.

It is the sense of the committee of conference that applications for loans of eligible veterans of World War II should have priority in making loans pursuant to this additional authorization.

Amendment No. 5, relating to the Navy Department: Provides for the payment out of existing appropriations of expenses in connection with the transfer to the United States of foreign vessels of war, as proposed by the Senate.

Amendment No. 6, relating to cemeterial expenses, War Department: Appropriates an additional amount of $3,000,000, fiscal year 1946, as proposed by the Senate.

Amendment No. 7, relating to increased pay costs of certain Federal officers and employees: Makes a direct appropriation of $228,117,807, as proposed by the Senate, instead of an indefinite appropriation of not to exceed $227,565,500, as proposed by the House.

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EVERETT M. DIRKSEN,
Managers on the Part of the House.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

Mr. COCHRAN. Mr. Speaker, reserving the right to object, will the gentleman from Missouri tell us what is in the conference report?

Mr. CANNON of Missouri. Mr. Speaker, nothing but emergency matters. There is no item in it that is not of an emergency nature. All agencies provided for in this bill are either out of money or nearly so, and must be provided for immediately. The conferees on the part of the two Houses have met and have reached complete agreement. There is no difference of opinion on any provision in the report.

Mr. COCHRAN. Is there any disagreement on any item at all?

Mr. CANNON of Missouri. No disagreement on any item. There is complete agreement on the report in its entirety.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the statement.

Mr. CANNON of Missouri. Mr. Speaker, this bill is substantially in the form in which it passed the House as to House provisions. There is but one change as to such provisions, and that relates to pay costs, as to which the Senate has provided specific appropriations instead of limited indefinite appropriations. It is merely a change in form. Therefore, the only reason this bill went to conference was that the Senate added 6 amendments, excluding the pay-cost amendment.

Mr. MURDOCK. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Arizona.

Mr. MURDOCK. Is the appropriation of $100,000,000 for rural electrification in this bill?

Mr. CANNON of Missouri. That is not in this bill; that has been provided for in an earlier measure.

Mr. MAHON. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Texas.

Mr. MAHON. I was concerned by the fact that while the Senate provided $25,000,000 in additional loans for the Farm Security Administration, in conference the figure was reduced so that only $15,000,000 will be available for additional loans by the Farm Security Administration. I had hoped very much that we might agree to the Senate figure of $25,000,000. May I ask the distinguished chairman of the committee if he believes the $15,000,000 will be reasonably ade-

quate to meet the demands, particularly the demands of veterans, for loans? I know I have received numerous letters from individual veterans and individual farmers in my home State who are dependent upon Farm Security Administration loans. They were told a few days ago that there is no more money available. I would hate for us to find that the $15,000,000 provided here is not adequate to meet the most pressing demands. Will the gentleman make some statement as to that situation?

Mr. CANNON of Missouri. The amount is more than adequate. On March 8 there still remained of this appropriation in round figures $6,500,000; to be specific, as I recall it, $6,465,000 remained on March 8 unused and uncommitted. Of course, the larger part of that amount is still uncommitted. The Senate amendment, however, provided for $25,000,000 additional, $15,000,000 of it for veterans and $10,000,000 for nonveterans. We have agreed to $15,000,000, and in the conference report we set out that the veterans are to have priority. Therefore, under the bill as here reported we have approximately the $6,500,000, and in addition the $15,000,000 carried by this amendment in the allotment of which the veterans are to have priority. I may say that suggestions to the effect that there might not be sufficient money were based upon estimates. No actual figures were submitted. They merely submitted surmises, and even under the figures submitted it is not clear that any additional amount will be necessary.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from New York.

Mr. TABER. Is it not a fact that no estimate was made and no Budget estimate was submitted for this item?

Mr. CANNON of Missouri. That is true.

Mr. Chairman, if there had been any desire to follow the regular routine, a very essential routine in these days when we are trying to balance the Budget, this item would have been submitted to the Bureau of the Budget. As a matter of fact, the Bureau of the Budget was not even consulted. They just came up here and threw it in without any of the usual advanced consideration, without any estimate and without the approval of the Bureau of the Budget, which has a very important function under our budgetary system of government. But in any event we have gone along and provided ample funds for the purpose.

In addition to this loan matter, the Senate added an amendment for $12,000 for printing and binding for the Court of Claims. The previous appropriation is $33,000.

We have agreed to a Senate amendment providing an additional $3,435,000 for the Federal share of cost of State vocational rehabilitation programs. The previous appropriation is $8,258,900.

This will take care of the needs for allotment to the States. There is also an increase in the vocational rehabilitation revolving fund of the Veterans' Administration from $500,000 to $1,500,000.

The fifth amendment involves no additional appropriation. It will enable the Navy Department to defray expenses in connection with the transfer to the United States of foreign vessels of war, including pay, subsistence, clothing, transportation, and repatriation of alien crews. That was agreed to by the House conferees.

The last item makes an initial appropriation of $3,000,000 for the procurement of caskets for the bodies of soldiers of World War II to be returned to this country for burial.

Option will be afforded the next of kin, as in the last war, to determine whether they prefer those who fell in foreign lands to be returned for burial in the United States or whether they prefer to have them remain in the American cemeteries on the battlefields where they fell. It is estimated that eventually $100,000,000 will be necessary for this purpose. This is the initial provision of $3,000,000.

Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, this is a unanimous report of the conferees. Frankly I think it calls for too much money in some of the items in disagreement, but it was the best settlement we could get out of the Senate. It is as the chairman stated in his opening remarks—an emergency bill providing funds that must be had. You know this is an emergency administration. We have been in the throes of an emergency administration ever since the 4th of March 1933. Just so long as this administration lasts we can count on being in the throes of an emergency and emergency legislation.

Mr. CANNON of Missouri. Mr. Speaker, I agree with the gentleman from New York that since 1933 we have met many emergencies. The preceding administration had brought on some of the most pressing emergencies in the history of the Nation—emergencies which it could not meet. The world war also precipitated unprecedented emergencies. The brightest chapters in American history are those which record the prompt and efficient manner in which the administration—from 1933 to 1946—has taken care of every emergency, foreign and domestic, successfully and effectually and to the satisfaction of everybody concerned, including all House and Senate conferees on this bill.

Mr. Speaker, If no one else desires to speak, I move the previous question on conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to; and a motion to reconsider was laid on the table.

AUTHORIZING THE SPEAKER TO SIGN ENROLLED BILL H. R. 5671

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House the Clerk be authorized to receive a message from the Senate on the bill H. R. 5671, and that the Speaker be authorized to sign the enrolled bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DEMOCRATIC CAUCUS

Mr. McCORMACK. Mr. Speaker, I desire to make a brief announcement for the benefit of the Democratic Members.

On Monday afternoon at 4 o'clock, if the House has adjourned, or if not, immediately after the adjournment of the House, there will be a Democratic caucus for the purpose of electing a Democratic member of the Ways and Means Committee, there being one vacancy at this time.

EXTENSION OF REMARKS

Mr. FALLON asked and was given permission to extend his remarks in the RECORD and include an address delivered on St. Patrick's Day by the Most Reverend Lawrence J. Sheehan, auxiliary bishop of Baltimore and Washington.

Mr. HARRIS asked and was given permission to extend his remarks in the RECORD and include an article from the Washington Post, dated March 19.

Mr. GOSSETT asked and was given permission to extend his remarks in the RECORD and include a prize winning poem entitled "Soldier Returning."

Mr. RANDOLPH (at the request of Mr. HEDRICK) was given permission to extend his remarks in the RECORD and include a poem.

FEDERAL RURAL REHABILITATION PROJECTS

Mr. SABATH. Mr. Speaker, I call up House Resolution 545 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2501) to authorize the Secretary of Agriculture to continue administration of and ultimately liquidate Federal rural rehabilitation projects, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same back to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

Mr. TARVER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 63]

Anderson, Calif.	Bonner	Carnahan
Andrews, N. Y.	Boren	Celler
Arends	Buckley	Chapman
Auchincloss	Buffett	Clements
Bailey	Bulwinkle	Clippinger
Baldwin, N. Y.	Burch	Cole, N. Y.
Bell	Burgin	Colmer
Bloom	Byrne, N. Y.	Cunningham
Bolton	Camp	Curley

Daughton, Va.	Hoffman	Price, Fla.
Dawson	Holifield	Quinn, N. Y.
De Lacy	Holmes, Mass.	Rabin
Delaney, John J.	Howell	Rains
Dingell	Jackson	Rayfiel
Dondero	Jensen	Reed, N. Y.
Douglas, Ill.	Johnson, Luther A.	Rich
Eaton	Johnson, Okla.	Robertson, N. Dak.
Eberharter	Kelley, Pa.	Roe, N. Y.
Ellsworth	Kelly, Ill.	Rooney
Engel, Mich.	Keogh	Ryter
Engle, Calif.	King	Savage
Fisher	Latham	Sharp
Flood	Lea	Sheppard
Forand	Lesinski	Sheridan
Fuller	Luce	Short
Gamble	Lynch	Sikes
Gathings	McKenzie	Simpson, Ill.
Geelan	McMillan, S. C.	Simpson, Pa.
Gerlach	Mason	Slaughter
Gibson	May	Smith, Maine
Gillette	Monroney	Smith, Ohio
Gillie	Murphy	Sparkman
Gore	Norblad	Spence
Green	Norton	Stefan
Gregory	O'Neal	Stockman
Griffiths	Patman	Sumner, Ill.
Hall, Leonard W.	Patterson	Torrens
Halleck	Peterson, Fla.	Walter
Hart	Peterson, Ga.	Wasielewski
Hartley	Pfeifer	Whitten
Hébert	Philbin	Wilson
Heffernan	Pioeser	Winter
Hinshaw	Plumley	Zimmerman
	Powell	

The SPEAKER. On this roll call 301 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FEDERAL RURAL REHABILITATION PROJECTS

Mr. SABATH. Mr. Speaker, this rule makes in order the consideration of the bill H. R. 2501, known as the Hays bill. It provides for 1 hour of general debate, after which the bill will be read for amendment under the 5-minute rule.

This bill comes from the Committee on Agriculture. Although there was some question in the committee as to the bill, I understand an agreement has been reached by the committee, which believes that the bill should be passed despite the fact similar provisions are in the Cooley bill, because it is feared that the Cooley bill may take some time before it can clear the House and the other body.

In short, Mr. Speaker, this bill authorizes the Secretary to sell to World War veterans land for agricultural purposes. It has been stated that we have about 1,000,000 acres of land, a considerable proportion of which can be advantageously farmed. In view of the fact that many returning veterans are seeking to obtain permanent homes on farms on which they can provide for their families, I think this bill is in the right direction, because we cannot do too much for these returning men who have served our country so well.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. MICHENER. Does this bill attempt to carry out the policy established by Rex Tugwell when he was in the department, that is, placing people on farms where they could not make a living, even sending some of them to Alaska. I do not want to hold out hope to the veterans which fails to give them any security. I just do not want these boys to be fooled. I may favor the bill after the debate, but I want to be sure these veterans are not being sold a gold brick.

Mr. SABATH. I fully appreciate that my colleague, the gentleman from Michigan, has the interest of the veterans at heart, and that he would not favor any legislation which would not help them, as is intended, I believe, by this legislation.

To my surprise, however, the gentleman from Michigan seems to me to be unfair to call this the Tugwell program. He will recall that the purpose of the resettlement program was not alone to provide farms for ex-servicemen and the unemployed, but also to contribute to the Nation-wide effort to provide employment for the millions still unemployed that we inherited from the Republican administration, and all in sharp contrast to Mr. Hoover's policy of letting the American people starve. I concede that some of the projects and some of the farmers did not succeed. Of course, we always have some derelicts in every walk of life.

Under present law the Farm Security Administration is directed to sell the tracts in question as rapidly as possible; and that means that most of it is being sold in large tracts to the highest bidder. Under the present law, the Secretary cannot delay the sales until the veterans get out of service and qualify themselves.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield for a question.

Mr. TARVER. May I be permitted to reply to the question of the gentleman from Michigan? This bill gives to the Farm Security Administrator and the Department of Agriculture no authority which they do not already have with regard to selling these lands to veterans. The only material change in existing law is to repeal that provision of the Agriculture Appropriation Act, for which the House has voted many times, and for which it voted again on Monday of last week, which prohibits the maintenance of these so-called cooperative land projects except for purposes of disposition or liquidation. This bill would provide for the maintenance for 3 years after the war of these projects and would repeal that provision of existing law by implication and would authorize the making of appropriations in unlimited amounts as you will see by examining section 3, for the purpose of maintaining, developing, and carrying on these identical projects which Congress has many times disapproved.

Mr. MICHENER. It will carry on the Tugwell program?

Mr. TARVER. That is right, for 3 years after the war.

Mr. FLANNAGAN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Virginia, chairman of the Committee on Agriculture.

Mr. FLANNAGAN. This legislation would not carry out a single project inaugurated by Tugwell or anyone else under the Farm Security Act. It only provides that those lands now owned by Farm Security that are susceptible of division into farm units be offered for sale to veterans first. It gives the veterans a preference. This legislation has attracted much attention and has been approved by a veterans' association of the United States.

Mr. SABATH. Personally, I do not see anything in the bill that could in any way operate against giving an opportunity to veterans of obtaining a piece of land on which they can make their livelihood.

If they require grazing land, naturally they will need as much as 400 acres. Nevertheless, I give the veterans credit for knowing what kind of land and how much land they can farm to advantage.

Mr. SPRINGER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. SPRINGER. What is the position of the various veteran organizations with respect to this measure?

Mr. SABATH. The veteran organizations I have heard from are in favor of this legislation. I do not see how any man who is interested in the veterans can be opposed.

From the study I have made and from the information I have obtained, the Committee on Agriculture, which has given the matter a great deal of thought and consideration, feels it is bound to be of great benefit to 200,000 or more veterans who are seeking to establish themselves on the farm, because they realize the advantages agriculture and farmers are now enjoying. I do not blame them for wanting to go on the farms, where they will at all times have a roof over their heads, and will be able to raise enough to maintain themselves and their families. They will be in a much better position than the man who comes back to a job in a plant or factory or shop where, before he can obtain a living wage, he may have to spend 2 months or more without employment, and go out on strike, before he can obtain a living wage; whereas, these men on the farms will not be subject to such trials and tribulations.

Mr. Speaker, I believe I understood the gentleman from Pennsylvania [Mr. GROSS] to say that farmers do not need any assistance from the town and city folks for whom the farmers must provide food.

If this bill passes and veterans of World War II are aided in obtaining suitable land for farming, as I hope they will be, the gentleman should have this much knowledge, that obtaining the land in itself will not make it possible for them to clean, clear, develop, and prepare the land for farming. It must be plowed, disked, harrowed, dragged, and planted, and the crop must be cultivated and harvested. For this, as he should know, all kinds of machinery, tools, and implements are needed—tractors, plows, wagons, cultivators, threshers, and so on—which the farmers surely do not themselves make.

All those things must be made in factories by labor in the towns and cities. The farmers must have homes to live in, barns and sheds. They must be clothed. They must have shoes, and many, many other things that are not grown on the farm, before they can put in a crop, harvest it, and ship it to market.

I hope, Mr. Speaker, he will concede that farmers are dependent on the city

79TH CONGRESS
2d Session } HOUSE OF REPRESENTATIVES { REPORT
No. 1797

SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1946

MARCH 21, 1946.—Ordered to be printed

Mr. CANNON of Missouri, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 5671]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 6, and 7, and agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following:

LOANS, GRANTS, AND RURAL REHABILITATION

For funds in addition to funds authorized under this head in the Department of Agriculture Appropriation Act, 1946, and for the same objects and subject to the same conditions, the limitation of $67,500,000

in the authorization and direction to the Reconstruction Finance Corporation to make advances, contained under this head in said Act, is hereby increased to $82,500,000.

And the Senate agree to the same.

CLARENCE CANNON,
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Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5671) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendment No. 1, relating to the Court of Claims: Appropriates an additional amount of $12,000, fiscal year 1946, for printing and binding, as proposed by the Senate.

Amendment No. 2, relating to the Office of Vocational Rehabilitation, Federal Security Agency: Appropriates an additional amount of $3,435,000, fiscal year 1946, for the Federal share of costs of State vocational rehabilitation programs, as proposed by the Senate.

Amendment No. 3, relating to the Veterans' Administration: Appropriates an additional amount of $1,000,000 for increasing the vocational rehabilitation revolving fund from $500,000, as proposed by the Senate.

Amendment No. 4, relating to loans, grants, and rural rehabilitation, Department of Agriculture: Increases the existing limitation of $67,500,000 upon rehabilitation loans to needy individual farmers by the Reconstruction Finance Corporation by $15,000,000, instead of by $25,000,000, as proposed by the Senate.

It is the sense of the committee of conference that applications for loans of eligible veterans of World War II should have priority in making loans pursuant to this additional authorization.

Amendment No. 5, relating to the Navy Department: Provides for the payment out of existing appropriations of expenses in connection with the transfer to the United States of foreign vessels of war, as proposed by the Senate.

Amendment No. 6, relating to cemeterial expenses, War Department: Appropriates an additional amount of $3,000,000, fiscal year 1946, as proposed by the Senate.

Amendment No. 7, relating to increased pay costs of certain Federal officers and employees: Makes a direct appropriation of $228,117,807, as proposed by the Senate, instead of an indefinite appropriation of not to exceed $227,565,500, as proposed by the House.

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[PUBLIC LAW 335—79TH CONGRESS]

[CHAPTER 114—2D SESSION]

[H. R. 5671]

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, namely:

THE JUDICIARY

COURT OF CLAIMS

Printing and binding: For an additional amount for printing and binding, Court of Claims, fiscal year 1946, $12,000.

INDEPENDENT EXECUTIVE AGENCIES

FEDERAL SECURITY AGENCY

SOCIAL SECURITY BOARD

Grants to States for old-age assistance, aid to dependent children, and aid to the blind: For an additional amount, fiscal year 1946, for "Grants to States for old-age assistance, aid to dependent children, and aid to the blind," $10,000,000.

OFFICE OF VOCATIONAL REHABILITATION

Payments to States: For an additional amount, fiscal year 1946, for "Payments to States", including the objects specified for this purpose in the Federal Security Agency Appropriation Act, 1946, $3,435,000, of which not to exceed $5,000 shall be available for providing rehabilitation services to disabled residents of the District of Columbia under section 6 of the Vocational Rehabilitation Act.

VETERANS' ADMINISTRATION

Administration, medical, hospital, and domiciliary services: For an additional amount, fiscal year 1946, for "Administration, medical, hospital, and domiciliary services", including the objects specified under this head in the Independent Offices Appropriation Act, 1946, $114,000,000.

Vocational rehabilitation revolving fund: To increase the "Vocational rehabilitation revolving fund (Act of March 24, 1943)", created by the Urgent Deficiency Appropriation Act, 1943, $1,000,000.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

Fighting forest fires: For an additional amount, fiscal year 1946, for "Fighting forest fires", $3,350,000.

LOANS, GRANTS, AND RURAL REHABILITATION

For funds in addition to funds authorized under this head in the Department of Agriculture Appropriation Act, 1946, and for the same objects and subject to the same conditions, the limitation of $67,500,000 in the authorization and direction to the Reconstruction Finance Corporation to make advances, contained under this head in said Act, is hereby increased to $82,500,000.

NAVY DEPARTMENT

The appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1946, shall be available for expenses in connection with the transfer to the United States of foreign vessels of war, including pay, subsistence, clothing, transportation, and repatriation of alien crews.

POST OFFICE DEPARTMENT

(Out of the postal revenues)

OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL

Foreign mail transportation: For an additional amount, fiscal year 1946, for "Foreign mail transportation", including the objects specified under this head in the Post Office Department Appropriation Act, 1946, $1,200,000, of which amount the sum of $3,000 is hereby made available for the establishment of an Office of Assistant Director, Division of International Postal Service, with headquarters at New York, New York, preparatory to the reestablishment of Sea Post Service on July 1, 1946.

WAR DEPARTMENT—CIVIL FUNCTIONS

QUARTERMASTER CORPS

Cemeterial expenses: For an additional amount for "Cemeterial expenses", fiscal year 1946, including the objects specified under this head in the War Department Civil Appropriation Act, 1946, and necessary expenditures in connection with the procurement of caskets, $3,000,000.

CORPS OF ENGINEERS

RIVERS AND HARBORS AND FLOOD CONTROL

The amount of $662,000 named in the proviso under the head of "Rivers and harbors and flood control" in the War Department Civil Appropriation Act, 1946, upon expenditures for personal services in the Office of the Chief of Engineers, is hereby increased to $850,000, such revised amount to include the cost on account of such personal services of the Federal Employees Pay Act of 1945 (Public Law 106).

INCREASED PAY COSTS

For additional amounts for appropriations for the fiscal year 1946, to meet increased pay costs authorized by the Acts of June 30, 1945 (Public Law 106), and July 6, 1945 (Public Law 134), as follows:

For—

Architect of the Capitol:
"Legislative Garage", $7,200;
Library Buildings and Grounds: "Salaries", $51,000;
Botanic Garden: "Salaries", $34,500;
Library of Congress:
"Salaries, Library, proper", $405,407;
Distribution of printed cards:
"Salaries and expenses", $54,200;
National Archives: "Salaries and expenses", $157,000;
Railroad Retirement Board:
"Salaries", $350,000;
"Miscellaneous expenses, other than salaries", $40,000;
Smithsonian Institution:
"Salaries and expenses", $238,500;
"Salaries and expenses, National Gallery of Art", $184,500;
Department of Agriculture:
Bureau of Entomology and Plant Quarantine:
"Insect investigations", $270,000;
"Insect and plant disease control", $317,000;
"Foreign plant quarantines", $240,000;
Department of Commerce:
Office of Administrator of Civil Aeronautics:
"Maintenance and operation of air-navigation facilities", $4,165,000;
Weather Bureau: "Salaries and expenses", $2,590,000;
Post Office Department (out of the postal revenues):
Office of the First Assistant Postmaster General:
"Compensation to postmasters", $19,090,000;
"Compensation to assistant postmasters", $2,308,000;
"Clerks, first- and second-class post offices", $85,500,000;
"Clerks, third-class post offices", $5,595,000;
"City delivery carriers", $46,700,000;
Office of the Second Assistant Postmaster General:
"Railway mail service", $16,681,000;
"Railway postal clerks, travel allowance", $1,253,000;
Office of the Fourth Assistant Postmaster General:
"Vehicle service", $9,650,000;
Public buildings, maintenance and operation:
"Operating force", $7,500,000;
Treasury Department:
Custody of Treasury Buildings: "Salaries of operating force", $137,600;
Bureau of Internal Revenue: "Salaries and expenses", $24,000,000;
Secret Service Division:
"Salaries", $15,100;
"Suppressing counterfeiting and other crimes", $282,900;

"Salaries and expenses, guard force, Treasury buildings", $211,900;

War Department—Civil functions:

Quartermaster Corps: "Cemeterial expenses", $89,000;

In all, $228,117,807: *Provided*, That any restrictions heretofore made applicable to any of the foregoing appropriations, which limit the amounts which may be expended for personal services or for other purposes, or amounts which may be transferred between appropriations or authorizations, are hereby waived only to the extent necessary to meet increased pay costs as provided for herein.

TITLE II—GENERAL PROVISIONS

SEC. 201. No part of any appropriation contained in this Act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penal clause shall be in addition to, and not in substitution for, any other provision of existing law.

SEC. 202. This Act may be cited as the "Second Urgent Deficiency Appropriation Act, 1946".

Approved March 28, 1946.